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Auto Makers Bow To Surcharges, Jones Notes At NAUA Meet

Sprague New President; Broad Activity In Filing Of Special Forms Noted

NEW YORK—The comprehensive surcharge on certain private passenger

Tudor Jones

Mortimer E. Sprague

models with very large glass areas has induced manufacturers to reduce windshield sizes and has made fewer 1961 models subject to surcharge. This was noted by Tudor Jones, vice-president Aetna Fire, in his presidential report at the annual meeting here of National Automobile Underwriters Assn.

Mr. Jones reported that from May 1, 1960, to March 24, 1961, NAUA introduced rate changes in 37 states. There were increases in 12 and reduc-

(CONTINUED ON PAGE 59)

Gerber Receptive To Nomination As NAIC Executive Chairman

Director Joseph Gerber of Illinois has made it known to some of his friends that if the chairmanship of the executive committee of National Assn. of Insurance Commissioners is offered to him at the annual meeting of NAIC in Philadelphia June 4-9, he will accept the position. Mr. Gerber was in line for this job when NAIC met last June in San Francisco, but he took himself out of the running. The fact that he would accept the chairmanship now and thus put himself into line for the presidency of NAIC two years hence means that he is going to stay on as Illinois director until the expiration of his term.

Ever since Mr. Gerber was reappointed by Gov. Kerner last fall, there had been speculation that it was an interim appointment which would end with the adjournment of the legislature in mid-summer. It now appears that the original announcement, that Mr. Gerber was being asked to stay for the full term, was in earnest.

Comment and Statistics on 1960 Auto Insurance Results on Pages 25-43.

AMIA Annual Has All-Star Panel On Problems Of Rate Regulation

By R. R. CUSCADEN

With the industry concerned as it hasn't been since the mid-nineteen forties over the multitudinous problems of rate regulation, American Mutual Insurance Alliance at its Chicago annual this week pulled a genuine coup by coming up with an all-star panel of commissioners (both past and present) devoted to "Rate Regulation—Then and Now."

Other items of real interest on the program included a talk by Robert R. Neal, general manager Health Insurance Assn., on insurance and the senior citizen, and a panel comprised of James P. Jacobs, president Hardware Mutual Casualty of Stevens Point, N.C. Flanagin, president Lumbermens Mutual Casualty, and William A. Stringfellow, general manager National Assn. of Mutual Insurance Agents, on the marketing concept in property-casualty insurance—not to mention, of course, the election of officers, the president's report, etc. But these must be delayed until next week's issue.

The panel concerned with rate regulation was neatly divided into three former commissioners (who handled the history of rate regulation as they each individually had participated in it) and three present day commissioners (who are actively involved in the problem).

Panel Members Given

The first group was composed of Robert E. Dineen, vice-president Northwestern Mutual Life (formerly New York superintendent); Newell R. Johnson, general manager American Mutual Insurance Alliance (formerly Minnesota commissioner), and Charles F. J. Harrington, executive vice-president National Assn. of Casualty & Surety Agents (formerly Massachusetts commissioner). The second group included Director Gerber of Illinois, Commissioner Smith of Pennsylvania, and Commissioner Parker of Virginia.

Presiding over this panel was J. P. Craugh, president National Assn. of Automotive Mutual Insurance Companies. In introducing the subject, Mr.

(CONTINUED ON PAGE 57)

Allstate Motor Club In National Operation

Allstate Motor Club, of which premature announcement was made about a month ago, officially began operations last week. This will be a national organization; service has begun in most states and will be in others as soon as possible.

In addition to the standard motor club services, Allstate Motor Club, for a membership fee of $12.50 a year for husband and wife residing in the same household, will offer the opportunity for members to obtain specially designed world tours to be conducted by American Express Co.; payment for legal defense against ordinary traffic violations; check-cashing identification when traveling; a motor club magazine; towing and emergency road service, club accident insurance, and specified rates at hotels and motels.

Allstate Motor Club is a division of Allstate Enterprises, a wholly-owned subsidiary of Sears, Roebuck & Co., and the president of Allstate Enterprises is Judson B. Branch, president of Allstate Ins. Allstate agents in most states are authorized representatives of Allstate Motor Club, but membership applications will be available to all motorists, not only to Sears customers or Allstate insured. The club membership card may be used in connection with a Sears revolving charge account card to facilitate cashing a check in Sears retail stores.

There are more than 300 independent motor clubs in the U. S., a number of which are in the insurance business with inter-insurance exchanges in connection with their operations. Among the largest are those in California, Detroit, Chicago and St. Louis. Allstate Motor Club apparently will have no direct insurance connection involved with membership, but it may be assumed that Allstate agents will be available. As a national operation, Allstate Motor Club and Allstate Ins. are exposing themselves in a new way to a tremendous automobile market.

Mills Out In W. Va., Commissioner Is A Lady

Commissioner Hugh Mills of West Virginia has resigned that position and taken a job with the state highway department. His successor is a lady, Mrs. Virginia Mae Brown, who has been assistant attorney general since 1949. She is a graduate of the University of West Virginia.

North Reports Fire Loss Trend Is Bad, Expenses Are Better

National Board Reelects Officers; Resurgence Of Arson Reported At Meet

NEW YORK—National Board companies had an earned to incurred loss

C. P. Jervey

W. E. Newcomb

ratio in 1960 of 61.4 and an expense ratio of 39.1 for an underwriting loss of .5%, John A. North, Phoenix of Hartford, reported as president of the board at its annual meeting here.

This was higher than the .2% loss in 1959, but is below the 1.5% in 1958 and is materially less than the 5.5% in 1957. For the five years ending with 1960, the companies developed the unsatisfactory underwriting loss of 2.1% Mr. North declared. The last five-year profit period was recorded in 1957.

The business has done much better in reducing the ratio of controllable expenses. While there is room for further improvement in the entire ex-

(CONTINUED ON PAGE 59)

Story and Photos of Independent Adjusters Meeting on Pages 50-55.

The official family of National Assn. of Independent Insurance Adjusters poses at last week's convention at Chicago. From left are Theodore D. Brown, Brown Brothers Adjusters, San Francisco, 1st vice-president; H. B. Wellborn, H. B. Wellborn & Co., Hattiesburg, Miss., president; William E. Condray, Berman Condray Inc., St. Louis, secretary-treasurer; and L. B. Hazzard, New York, outgoing president.

Arkansas Agents Hold Annual Rally At Hot Springs

George Frazier Becomes President; Current Issues Are Aired

HOT SPRINGS—Arkansas Assn. of Insurance Agents, meeting here May 18-19 in its 60th annual convention, named George Frazier, Hope, as president to succeed P. Gaylon Brown, Fort Smith, who becomes chairman of the executive committee.

As vice-president to succeed Mr. Frazier, the agents elected Carnall Gardner, Fort Smith. W. Dan Cotton, Little Rock, was renamed secretary-treasurer, and Lawrence Derby, Warren, was reelected state national director.

Draws Crowd Of 393

An attractive program with its emphasis on selling, customer relationships, and current issues of no prior approval, packaging trends, and difficulties with the deferred premium payment plan drew a large attendance of 393 registrants.

In its formal actions, the association praised Commissioner Harvey G. Combs and his department staff, and complimented Arkansas Fire Prevention Assn. for "the excellence of its fire prevention work in town inspections and other community activities."

The Allan Kennedy memorial award, named after the association's first president and one of its principal founders, given each year to a local agent for distinguished service to the association and the agency system, was won by Cecil Cleavenger, Fort Smith, who for some years has headed

(CONTINUED ON PAGE 56)

Royal-Globe Raises Blackburn, Biersack

C. Fred Blackburn has been elected vice-president of Royal-Globe. He will have charge of a new multiple line department which will handle forms involving combinations of fire, casualty, inland marine and fidelity.

Kenneth D. Biersack has been appointed secretary and will assume Mr. Blackburn's former duties. Mr. Biersack will be immediate assistant to Gordon Callan, vice-president in charge of casualty underwriting and associated departments.

Mr. Blackburn joined Royal-Globe in 1947 as superintendent of the then new aviation department. In 1952 he was appointed assistant manager of the casualty underwriting department and in 1955 he was advanced to assistant secretary. He has been a secretary since 1958.

Mr. Biersack, with the company since 1938, has been in the casualty underwriting, methods and planning, and statistical departments. He was named manager of the special risk department in 1955 and has been an assistant secretary since 1960.

Fla. Passes UM Bill With Novel Insolvency Feature

The Florida legislature has passed, effective July 1, a bill requiring auto liability policies to contain an uninsured motorist endorsement. The bill also features a unique provision protecting the policyholder in case he is injured by a person whose insurance is with an insolvent company. The insolvency feature applies while insured's UM coverage is effective, and when the liability insurer of the tortfeasor becomes insolvent within one year after the accident.

Florida Assn. of Insurance Agents sponsored the bill in cooperation with Florida Assn. of Mutual Insurance Agents. The bill provides limits of $10,000 to $20,000 and does not include PDL.

Hassle On Equal Tax

The long battle on equal taxation of mutuals and reciprocals broke out anew at a hearing this week in Washington. The House ways and means committee heard testimony in the wake of President Kennedy's recent tax message recommendation urging review of methods of taxing insurers in the light of current conditions.

Arlindo S. Cate, attorney of National Committee for Insurance Taxation, testified that John A. North, chairman Phoenix of Hartford and president of National Board, had written Secretary of the Treasury Dillon that resolutions have been adopted by the board declaring for taxation of mutuals and reciprocals on the same basis as stock companies. Raymond Hughes, National Board attorney, told THE NATIONAL UNDERWRITER that no such letter has been written. He reiterated the board's neutral position on the matter.

In his statement, John J. Wicker Jr., general counsel of Mutual Insurance Committee on Federal Taxation, said that Allstate's complaint of tax preference for mutual competitors borders on the ridiculous. He cited the growth of Allstate companies over a 17-year period under present tax laws.

Volume has risen from $6,967,000 to $438,580,000 and surplus has increased from $5,097,000 to $213,113,000, he pointed out.

PIP Plan Finally Gets OK In Mich.

LANSING—Commissioner Blackford of Michigan has approved, effective July 1, the public and institutional property plan. He rejected the plan last Sept. 14 and drew bitter criticism from company and agency sources. Mr. Blackford defended his position on the ground that the original proposal was discriminatory.

The new filing, the commissioner said, extends eligible classes of property to include hospitals and sanitariums of either public or private institutional occupancy, including auxiliary buildings owned and exclusively occupied by state, counties, townships, or municipalities or by eleomosynary fraternal or religious organizations and including libraries, art and other museums, and similar public centers under partial or quasi-public ownership and occupancy operated on a non-profit basis.

The modified plan, it was stated, also provides for a liberalization in the application of the minimum premium required for eligibility and other qualifications. The commissioner set as a condition of approval a notice that no future filings will be entertained calling for a rate increase in other classification of risks which reflect loss experience incurred by property covered under the public and institutional property plan.

Neb. Mutual Agents Reelect Jay Heacock

Jay Heacock of Kearney was reelected president of Nebraska Assn. of Mutual Insurance Agents at the annual convention at Omaha last week. Philip Patterson of Omaha is the new first vice-president, Alan Tully, Grand Island, second vice-president, and Edward Larsen, Omaha, was reelected secretary-treasurer. Unlike most association secretaries, Mr. Larsen has an insurance agency; it is a tribute to his organizational ability that he was able to take time out to put together such an interesting, well-conducted program. Mr. Heacock contributed to the effectiveness of the meeting by keeping to the schedule.

Considering the size of the association, attendance at the sessions was excellent and attentive. Usually there were more persons in the audience than there is total membership of the association, which stands in the eighties. Gerald Myers of Fremont, membership chairman, pledged an all-out effort to increase the membership.

In addition to the business sessions, the convention heard William Stringfellow, general manager of NAMIA, who brought the members up to date on the activities of their national association; Phillips Huston of Rough Notes Co., editor of "Bulletins on Effective Agency Management," who discussed new ideas in agency management; Joe Iverson, of Insurance Service & Adjustment, Omaha, who presented some of the unusual aspects of his business; and R. C. Swanson, Tri-State Mutual, who gave an informative presentation of the public and institutional property program. In addition, three association members, Chris Rosenberg, North Platte, Cliff Gregory, Alliance, and Phil Patterson, Omaha, headed a lively panel on account selling. Several films pertinent to the various subjects were shown, and in addition, the members viewed the controversial movie, "Operation Abolition," which depicted the riots in San Francisco last year, accompanying a meeting of the house committee on un-American affairs. A cocktail hour and banquet closed the two-day session.

W. J. Ronnan Joins TIRB As Actuary

William J. Ronnan has been appointed actuary of Transportation Insurance Rating Bureau. He has been manager of the engineering and service department of Providence Washington in the western department. He is a graduate of Pratt Institute, with a bachelor of chemical engineering degree and he attended the graduate school of engineering at New York University, specializing in fire protection engineering.

Tenn. Raises Fire Rates, Has New Package Policy

Commissioner Long of Tennessee has approved an over-all rate increase of 8.7% on dwelling fire. Homeowners is not affected. The revision will increase rates on policies written for less than $5,000 and decrease rates on larger policies.

Also approved is a package policy for apartment house owners.

Auto Rates Up In La.

Louisiana Insurance Rating Commission has adjusted comprehensive premiums on private passenger cars. The average premium increase amounts to 8.6%.

$15 Million Of Waste Hospitalization In Mich., Study Shows

First of a series of three reports on an exhaustive study of hospital care in Michigan, regarded as highly pertinent to the rate situation not only for Michigan Hospital Service (Blue Cross) but for regular health insurers, shows upwards of $15 million in wasteful hospitalization.

Prof. Walter J. McNerney, head of the University of Michigan bureau of hospital administration, directed the research whose initial report indicates that about half of the state's families are covered by Blue Cross and a quarter by private insurers. The study is based primarily on statistics for the year 1958 when the research was begun at the request of the governor's commission on prepaid hospital care.

Over-use of hospitals in the cases studied aggregated 200,000 patient days, the report stated, with one patient in every six staying either loo long or too short a time. Elimination of over-use could have saved Blue Cross roughly $7.5 million had it been eliminated, it was estimated. Inferentially this factor is the most important in the constant pressure for higher Blue Cross rates. Commissioner Blackford recently approved a 13.5% increase for Michigan Blue Cross after a series of stormy hearings and litigation carried even into the supreme court.

Smaller hospitals were the worst offenders in the matter of excessive use and the worst territories for such abuses were in northern part of the state. It was found that the more fully a patient was covered, the longer he tended to stay in a hospital. This was also a factor in admissions, with persons having a coverage of 70% or more showing twice the admission rate of those without coverage. Only about 4% of admissions could have been considered unnecessary, however.

One-Third Of Mich. Covered

Including all classes of coverage, approximately one-third of all hospital cost in Michigan is covered by some form of insurance, the report found, but there is a growing demand for more comprehensive coverage with a likelihood that the coverage might amount to 70% within 10 years.

It was noted that "if voluntary ways cannot be found to cover such difficult groups as the aged and disabled, there is reason to believe that the government will act." The popular demand for health security is likely to result in the exercise of more governmental power over all coverage forms, the researchers opined.

A special warning was directed at private insurers. These companies, it was stated, should think more about social goals than market considerations and plans which have promotional appeal but contain many loopholes in coverage should be abandoned.

The average Michigan hospital bill in 1958 was $30 as compared with a $29 doctor's bill. But one person in every eight who was hospitalized had an average bill of $250. It was found that women use approximately 50% more hospital care than men, much of it accounted for by maternity usage.

Somewhat paradoxically low-income families are greater users of hospitals than high income, possibly because of a higher general level of health in the upper income strata.

April Fire Losses Show 2.7% Decline

Fire losses in the U. S. in April totaled $95,486,000, a 2.7% decrease from April, 1960, according to estimates of National Board. The April total is down by 12.6% from losses in March, 1961.

Losses for the first four months of 1961 amounted to $438,566,000, an increase of 8.5% over the similar period in 1960

Superior Mutual Ordered Liquidated; Dairyland Mut. Covers Canceled Policies

Superior Mutual of Madison, which had previously been issued a temporary order restraining it from transacting further business, was ordered liquidated as insolvent and its 20,000 policies (11,000 in Wisconsin) canceled by Circuit Judge Wilkie.

Dairyland Mutual of Madison thereupon quickly stepped in and offered to provide coverage for the estimated 6,500 drivers in the state who had lost their legal right to drive when their policies were canceled. The state motor vehicle commissioner, James Karns, accepted the offer.

Superior Mutual was specializing in high premium insurance for non-standard risk drivers (such as taxi drivers), including those whose licenses were revoked for accidents or traffic violations.

Stewart H. Struck, president Dairyland Mutual, said the 6,500 drivers would have several days to decide whether they wished to continue the coverage with his company. If not, they will not be obligated to pay for the coverage during the emergency period.

Industry sources estimate that between $15,000 and $20,000 was lost by about six Milwaukee area taxi companies when Superior Mutual was declared insolvent. That is the amount estimated to have been paid for insurance on about 70 local cabs.

Although most of the cab owners have or will transfer their insurance to other companies without difficulty, some of the independent operators will not be able to raise the amount needed for the additional insurance premium immediately, these sources indicate. Premiums for taxi insurance costs about $225 for three months.

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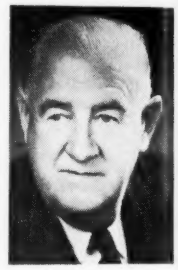
Suffolk County (N.Y.) Assn. of Insurance Agents will hold a general membership meeting June 6 at Glynn's Inn, Huntington, N.Y. John A. Clayton, assistant superintendent multiple line department Royal-Globe, will discuss the commercial property policy.

Sims And Harvey Elected By SEUA

Thomas E. Sims Jr., vice-president and manager of the southern depart-

Thomas E. Sims



Lester S. Harvey

ment of Fireman's Fund, was elected president of Southeastern Underwriters Assn. at the annual meeting in Atlanta. He succeeds Walter J. Christensen, retired president of Loyalty companies. Lester S. Harvey, president of New Hampshire, was named vice-president.

Mr. Christensen, in his report to the meeting, pointed to the large number of deviations and independent filings that have gained approval by the state authorities, and recommended that state insurance regulatory laws be amended to provide that forms and rates be used upon filings, subject to subsequent disapproval by the state regulatory officials.

Is Not Untried

Subsequent disapproval is not an untried regulatory concept, Mr. Christensen said, noting that for many years four states have applied it to property coverage, and eight states and the District of Columbia have applied it to casualty coverages. Mr. Christensen said it has worked.

It tends to keep the price of insurance in line with the marketplace; it lessens political pressure on the insurance commissioner, and it places the agent and his company in a position not only to meet but to make the competition, Mr. Christensen declared.

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Rinehart Resigns In Ala., Page In Post

Edmon L. Rinehart, Alabama superintendent, has resigned to join the Birmingham law firm of Deramus, Fitz & Johnston. Named to succeed him as superintendent is William D. Page, Huntsville attorney.

Mr. Page, 27, has been chairman of appeals for the state's department of industrial relations. E. C. Hornsby will continue to serve as confidential assistant to the superintendent.

WIDE WORLD PHOTO, A. P. RELEASE

WE NEVER GOT A HIT...
YET WE "ASSURED" THE SERIES FOR PIRATE FANS

Pittsburgh, October 13. So far, the Bucs and Yanks have split . . . three games apiece. Now it's the last of the ninth in the final game . . . tie score. After 62-and-a-half nerve-shredding innings—until Pirate Bill Mazeroski's fence-clearing blast—the outcome of the 1960 World Series remained in doubt.

But never in doubt was the fact that every Pittsburgh fan who'd been mailed a World Series ticket would get a chance to see his game—if it were played. Pirate management and the specialists at National Union Insurance Companies had seen to that. Each of the thousands of mailings of World Series ducats was covered by a specially designed National Union policy.

This package was created and sold by an *Independent Agent* . . . typical of the outstanding professionals who prepare and service America's finest insurance.

National Union Insurance Companies
Pittsburgh, Pa.
Casualty • Fire • Inland Marine • Ocean Marine

Comprehensive Study Shows Part Time Character Of Distribution

Second Of Three Parts

Because of the preponderance of low-income brokers in the city and a preponderance of dual licensees in the rest of the state, median earnings are $2,647 in the city, $4,515 in the rest of the state.

Of 13,466 producers responding to the question of placing business with other producers or taking it from them, 27% indicated they turned over business to other producers for placement. However, even some producers earning more than $20,000, a year turn over some of their business to others for placement. Almost one-quarter of this group turned over practically all of their business. This group includes retired agents and brokers who still draw renewal income but write little or no new business, widows of licensees who continue the business, etc.

Placement Through Others

In general, the smaller the producer's earnings, the greater proportion of his business that is placed by others. Thus a type of "jobbing" has developed in the agency system similar to that in the dry-goods and other fields. In insurance, however, the practice apparently results from difficulties of small producers placing directly with insurers, and from use by companies of general agents as sole representatives in specific territories.

To some degree, however, cessions to other producers is a convenience.

About 18% of producers receive from and place business for other producers. These are larger producers, with median earnings of $13,911.

In the state, 7.6% of producers indicated they charged fees over commissions for .4% of their income. The figure was 8.2% of producers in the city, for .7% of income, against 6.9% of producers upstate, for .2% of their income. However, for those producers only who reported taking fees, the average earning was $697, compared with $53 as an average for all producers. The city accounted for 73% of all service fees charges in 1959.

Average Is 407

The producers reporting had 5,181, 245 clients in 1959, an average of 407 per producer. This is not a completely unduplicated count.

Clients, like income, are concentrated among a relatively small number of large producers. Producers earning $20,000 or more per year, though representing only 14% of all producers, account for 52% of all clients. Four percent of producers have 23% of the customers. Larger agencies and brokerage firms have more clients and also handle larger risks and show more commissions and fees per client. This progression is consistent, ranging from an income of $5 per client for the smallest producer to $46 per client for the largest. Dual licensees rank among the largest in clientele, with 437 per producer; agents have 185 clients each, and brokers 82. These are medians, not averages, and are therefore unaffected by extremely large or small cases.

Employment in a non-insurance occupation is least prevalent among dual licensees and most prevalent among brokers.

Contrary to expectations, all those reporting as "part time" fire-casualty producers show higher earnings than "full time" producers, as shown herewith:

Gross Earnings	Part-time Producers	Full-time Producers
Total	100.0%	100.0%
Under-$100	2.8	5.1
100-499	14 8	17.9
500-1,999	22.1	21.8
2,000-4,999	17.5	15.8
5,000-9,999	15.7	14.1
10,000-19,999	12.8	12.7
20,000-49,999	10.1	9.0
50,000-99,999	2.8	2.2
100,000 and over	1.4	1.4
Median	$3,762	$2,982

Life Earnings Excluded

The report points out, however, that life insurance production (and earnings on it) was excluded from the study. Thus a producer spending part of his time on life insurance would be classified as a part time fire-casualty producer. Moreover, the report adds, the comparison suggests that participation of a broker or agent in another non-insurance occupation may often serve to enhance his insurance income. These part time producers include those who spend up to 99% of their time in fire-casualty.

If the definition of part time producer is changed to one who devotes less than half his time to that occupation, their incomes fall in general below those of full time producers.

Contrary to general opinion that it is the recent entrant into insurance who has non-insurance activities, the study shows that the part time producer remains so many years, utilizing his agent or broker's license as a permanent source of supplementary income. For example, 23.6% of the part time producers have been in business 15 to 19 years.

The producer licensed one year spends 20% of his total working time on insurance, two years 21%, three years 21%, four years 21%, five to nine years 26%, 10 to 14 years 32%, 15 to 19 years 53%, 20 to 29 years 50%, and 30 years and more 59%. The study notes that the greater the proportion of time spent on insurance, the larger the percentage of earnings represented by fire-casualty. The proportion of part time producer is a built-in feature is the same as in the rest of the state.

The committee concludes that the part time producer is a built-in feature of the agency system and is not particularly confined to recent entrants or to low income producers. With passage of time, he tends to spend more working time on insurance; and over the years his insurance earnings represent an increasing part of his total income. If he spends more than half his time in fire-casualty, his insurance earnings are enhanced rather than reduced by par-

(CONTINUED ON PAGE 22)

50 Insurance Librarians Expected At Convention Of Special Libraries Assn.

More than 50 librarians from life, fire and casualty companies are expected to attend the annual convention of Special Libraries Assn. at the Sheraton Palace Hotel in San Francisco, May 29-31. About one-half of the three days will be turned over to subjects on insurance library matters and in general sessions the insurance librarians will participate with over 2,000 librarians from business and industrial firms throughout the U.S. and Canada.

Howard L. Martin, dean of the school of business administration of Golden Gate College, will discuss insurance as a profession at the insurance librarians luncheon on Monday. "The Special Librarian's Position in the Insurance Company Salary Structure," will be the subject of a panel discussion by the insurance division. Moderator of the panel will be Elmer W. Earl Jr., assistant manager of planning and research of Life Office Management Assn. Panel speakers will be George W. Prevot, manager of the personnel division of Metropolitan Life, who will describe the qualifications needed by an insurance librarian; Dorothy Everett, personnel analyst of the University of California, who will discuss the salary qualifications of the librarian, and Marian C. Lechner, librarian of Connecticut General, who will show how her company utilizes a librarian's services.

Tucson Agents Elect

Arthur A. Nehring was elected president of Tucson Assn. of Insurance Agents at the annual business meeting, succeeding Winston Reynolds.

Other officers elected include Harry R. Talmage Jr., vice-president; Rodman Palmer, secretary, and Carl F. Miller, treasurer. Directors for the coming year include William Jacobs, Raymond Summers, Gordon Tench, and William J. Walker.

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Epes Pinpoints Differences In Rate Law Proposals; Cites Ideal

Common to all model bills for rate regulation is the premise that competition is the best arbiter of the rate level, W. Perry Epes, associate counsel of North America, pointed out in a talk at the New Jersey chapter of CPCU symposium on regulation.

Mr. Epes said that although a few of the differences in the proposed bills are significant, on the whole the measures are remarkably similar. All of them borrow extensively from all industry provisions, eliminate prior review requirements and rely primarily on competition to maintain reasonable rates.

Pinpoints Differences

Mr. Epes pinpointed the differences in the model bills:

1. Rate filing—The California type law does not require the filing of rates, but allows subsequent review of rates in use at the discretion of the commissioner. The Kefauver, National Board and National Assn. of Independent Insurers bills, however, require a rate to be filed with the commissioner before it is used, but they do not require any prior review or prior approval of such rate. In one respect the "file and use" provisions of these three latter bills vary. Under the Kefauver bill, rates "shall automatically become effective upon the date of filing," while under the National Board and NAII bills the rates become effective immediately upon filing, or at a future date specified by the company or rating bureau making the filing. Although none of these bills require prior review or prior approval of rates, all authorize subsequent review, at the discretion of the commissioner, of rates in use. The Gerber committee has not yet taken a position on the filing or prior review requirement.

2. Rate adherence—The California law prohibits any agreement among insurers to adhere to fixed rates. The Kefauver bill has a similar prohibition and expressly gives each member and subscriber of a rating bureau full freedom to make any or all of its filings independently, if it so chooses. The National Board bill, though containing no prohibition against rate adherence agreements, does permit a subscriber to obtain some or all of the services of a rating bureau with no obligation to adhere to rates filed by the bureau. The subscriber is free to make some or all of its filings independently, just as under the Kefauver bill.

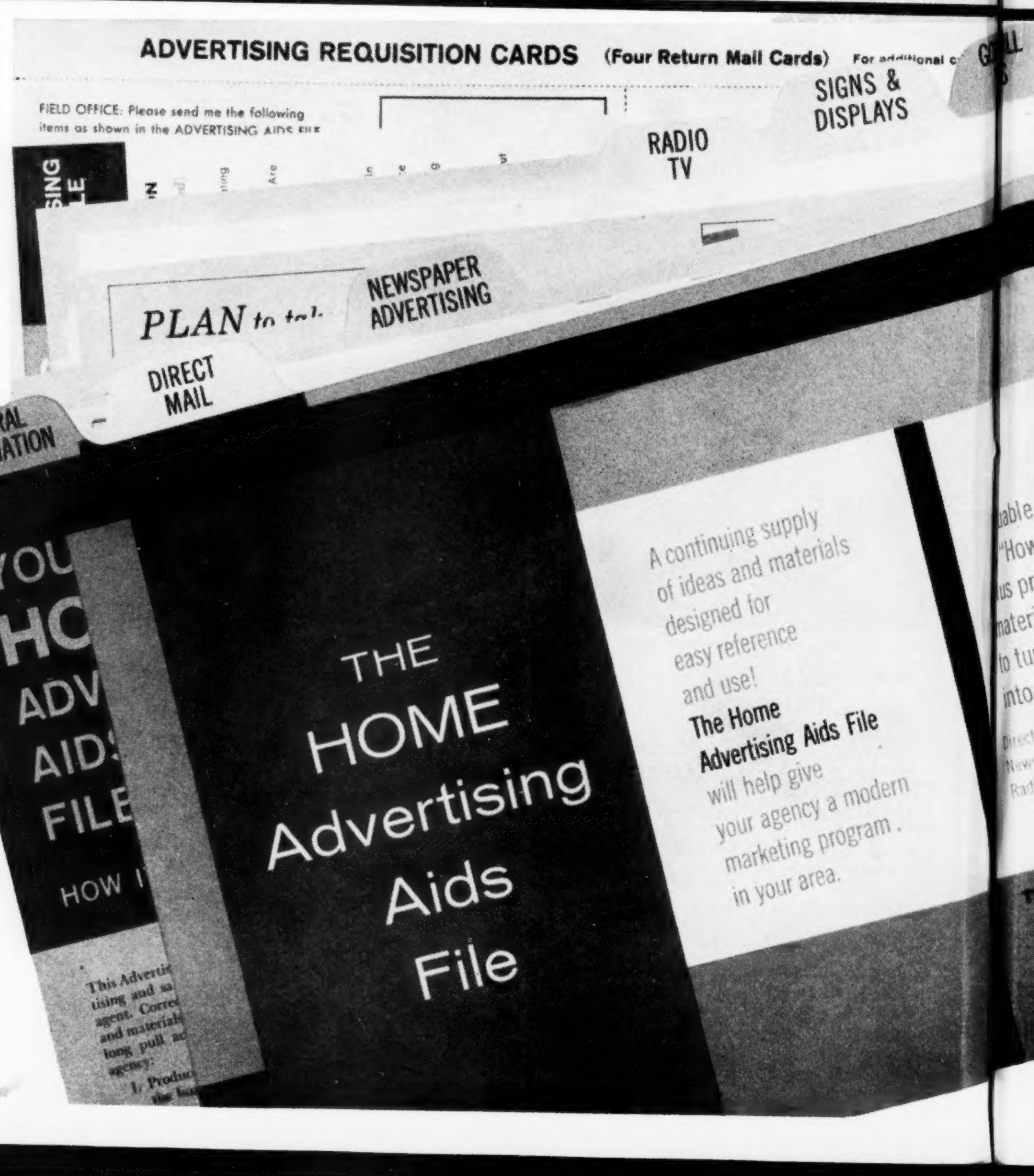
Other Features

As to members of rating bureaus, the National Board bill gives them the same rights of independence as subscribers, except that the bureau may, if it chooses, adopt a rule restricting the members' independence. Such a bureau rule, if adopted, would require a member, before making an independent filing, to request the bureau to make the filing for the member. If the bureau refuses, the member may then file directly with the commissioner, but by doing so forfeits membership and must become a subscriber. The NAII bill, like the all industry law, does not expressly require or prohibit adherence by members and subscribers of rate bureaus to rates filed by the bureau. The Gerber committee has taken no position on rate adherence agreements.

3. Aggrieved parties—The California law grants status as an aggrieved party, entitled to subject an insurer's rates to administrative and judicial review, only to policyholders. The Kefauver and NAII bills are alike in giving both policyholders, and other persons acting in good faith and stating reasonable grounds, the right to file a complaint with the commissioner against any company's rates. They allow a hearing only on the commissioner's initiative and limit those entitled to status as aggrieved parties at any hearing called by the commissioner, or on judicial review thereof, to the rating bureau or insurer which made the filing and any complaining policyholder.

These provisions of the Kefauver and NAII bills clearly exclude any rating bureau as an aggrieved party. In this respect, they follow the Gerber committee, which expressly recommended in its November, 1960, report

(CONTINUED ON PAGE 48)



Big Turnout For Company Education Directors Annual Meeting; Leddy Is New President

By ROBERT C. DAUER

ROCKTON, Ill.—Meeting in the midwest for the first time in several years—in deference to outgoing president David J. McGrath, Allstate—Insurance Company Education Directors Society members turned out strong here last week for a convention that combined the esoteric and the mundane in just the proper proportions. Attendance exceeded the expectations of many of the eastern contingent, registrations topping the turnout of the two previous meetings at Sky Top, Pa., and Absecon, N. J.

John J. Leddy, American is the new president, succeeding Mr. McGrath. The new 1st vice-president is Acis Jenkinson III, North America; Paul A. Jordan, Great American, is 2nd vice-president, and in line for the presidency in 1963. George W. Tisdale, Commerical Union, continues as secretary-treasurer. Mr. Tisdale was unable to attend this meeting because of the illness of Mrs. Tisdale. She was reported to be improving rapidly.

Named to the expanded executive board were Harold G. Carmany, Nationwide; F. J. Wells, Crum & Forster; Ralph Ashton, Maryland Casualty, and C. W. Higgins, American Mutual Liability.

Problems of the future dominated the agenda. Sessions on recruiting theory and practice and the headaches competition for management and executive manpower will create in the intensively competitive atmosphere of the 60s were particularly well attended. The program was spiced with such heady subjects as the role of automation and electronic computers in education, "teaching machines" and reading dynamics.

John P. Cleaver, Cleaver Associates, Princeton, N. J., set the tone for all the talks and discussions which followed when he outlined the challenges which education directors face in the decade immediately ahead.

Increasing complexity of the business, the trend to multiple line operation, fierce competition from other industry for management personnel, changing sales patterns—these are the challenges, Mr. Cleaver said. He analyzed characteristics needed at the management level in various organizational subdivisions of insurance companies and showed how educational directors working with top management may well be able to select the right men in each of these divisions.

Automation presents many challenges, he said. While the amazing electronic devices that have been introduced into the business in recent years definitely simplify and speed up handling of paper work, they are not an unmixed blessing. Automation creates a heavy demand for technicians but, unfortunately, provides boredom for the operators of these machines. It is up to management to evaluate those human factors required for automation.

Manpower Problems

William C. Moore, America Fore; William O. Cummings, LIAMA, and Robert G. Cox, University of Pennsylvania, looked into the insurance manpower situation from the viewpoint of insurance companies and collegiate schools of business. Mr. Moore said that he is somewhat pessimistic about college recruiting. He pointed out that while his company has a minimum of difficulty retaining men once they are hired, he is concerned about the lack of pre-employment interest in the insurance business among college men today. What can the insurance business do to improve the concept of the insurance business maintained by young people outside it? This is the question that must be answered, he said.

Mr. Cummings deplored the high turnover rate among college recruits. He said that it is imperative that the insurance business develop means to expose the psychological and educational factors which would tend to make a prospect fit better into the many different insurance functions available.

Loren K. Schoephoerster, State Auto Mutual; John S. Bickley, University of Texas, Charles C. Center, University of Wisconsin, and Mr. Leddy looked into other facets of this manpower problem in a panel devoted to ways and means of fostering better cooperation between the insurance business and the college campus in the development of insurance management personnel.

Workshops Diversified

Concurrent workshops, the long-time device of ICEDS to condense many different topics into limited meeting time, were conducted on such varied topics as life insurance personnel practices, teaching machines, "in basket" techniques, computer problems and adjuster training. An interesting feature of the concurrent workshops is that they are run through once, re-

(CONTINUED ON PAGE 44)

Iowa Agents Get Full Treatment On Status And Future At Annual

By WILLIAM H. FALTYSEK

Commissioner William E. Timmons of Iowa wasted no time in getting to the status of the insurance business and the insurance department in that state in his talk before the annual meeting of Iowa Assn. of Independent Agents at Des Moines last week. He said the insurance industry had fared badly this session at the hands of the legislators and of 32 bills of interest to insurance only two passed. The door has been opened, however, he said to the next legislative session and "we can do a fuller and better task."

He pointed out that "we are dealing with possibly the largest single factor of the Iowa economy—insurance—and we cannot play 'Russian Roulette' in the legislature in matters pertaining to its welfare." Otherwise some companies domiciled in Iowa may be forced to leave the state. He added that there are a great many hard working legislators but apparently not enough of them yet realize the importance of the insurance business in the state. The insurance department has needed a substantial increase in its budget for years, he said. He compared the $200,000 received by the Iowa department from $8 million collected in premium taxes and fees as against the $1 million by Wisconsin. It is a sad commentary to collect $8 million and only get $200,000 back to run the department, he said. He also noted that he was the second lowest paid commissioner in the entire 50 states.

Mr. Timmons gave a brief history of the changes in rating laws and opined that the all-industry law is good and workable but the Iowa department needs more money to run it. "The job is too big in our state with its limited staff," he said. One man reads every rate filing and passes on about 1,100 of these per month. It is no fault of the law; more help is needed. He objected to the no prior approval doctrine which he said North America and the large direct writers are pushing.

The adoption of no prior approval would considerably overburden an already over-burdened department, he said. While these rates would take 90 days to become effective, the filings would still have to be read and studied. The burden is shifted to the commissioner for disapproval or approval with no machinery to do so. The burden is now on the companies to establish rates that are fair, not excessive, etc. Another thing is that if after a 90-day wait a filing is disapproved, it would take the present court system about two years to get at it. This means two years and 90 days of selling a policy which is later disapproved, say for a grossly excessive rate. How do you go about getting the money back to the public then? he queried.

Turning to one of the bills that "got buried in the shuffle" in the legislature, he noted the growing use of vending machines in mass sales and stated that the position of the department, except in depots and the like, continues to be that vending machines are not in the public interest and he has issued a ruling forbidding them.

Edward Jones, general counsel of the Iowa association, backed up Mr. Timmons by saying that the vending machine bill came along late in the session and got tied up in a senate committee.

Iowa Gov. Norman A. Erbe pointed out the significance of the Iowa agents and their public image. He said the agents are grass roots contacts with the business and non-business com-

Lee M. Miller, Cherokee, president of Iowa Assn. of Independent Agents, (left), at the annual meeting with E. Stewart Ulrich, secretary-manager of the association.

New officers of Iowa Assn. of Independent Agents elected at the annual meeting in Des Moines. From left: Robert F. Noland, Davenport, treasurer; Clark R. Caldwell, Iowa City, president; Lee M. Miller, Cherokee, outgoing president; Richard Grossman, Marshalltown, vice-president, and Robert A. Brown, Waterloo, state national director.

munities in the state and cover a broad strata of society as much and more so than any other force in the state. "Thus you are a very significant group," he said.

Gov. Erbe stressed the need for the expression of optimism by all agents since "we get our image of where we are going from the individual people we meet . . . as the public image of our community you can be more significant if you join the fight and win the battle to include in your sales approach the fact that 'we are going places'." He added with some heat that he is becoming very impatient with people continuing to harp in a pessimistic vein on the condition of the state—"no industry, no labor force, children leaving the state, etc. I don't buy this and I'm sure you don't either. Build up the public image as Iowans." The governor had a good word for the legislative session which just ended, saying that it was no different than any others and all in all had done a good job. He advised the agents to accept the results of its two-year activities and face the fact that "we are going to live under what they did for the next two years."

At the luncheon, NAIA President Porter Ellis of Dallas again took up the theme of optimism and said there is so much emphasis on the negative today and the news of all types lately seems to have a negative approach. "We almost talked ourselves into a severe depression" he said.

"In our industry we have also been hearing very much of the negative. All of us should take a very positive attitude, and as we deal with individuals we can be one of the greatest political forces in our country. Those of us who have made our living on the very principles of free enterprise must be on the move. Never before has there been so much stress put on the federal government—on socialism. Our responsibility to ourselves, families, city, state and country is to take steps to counteract some of these philosophies being put forth today.

Must Make Demands Heard

"Also, in our business we must stand up and make our demands heard. I have never h eard in 32 years any agent opposing any policy or form that was good for the public," he said. Not only that, any innovations that have come about in the business have been through some enterprising agent, he added. "Don't bury your heads in the sand." There are problems, including rate regulation which is one of the most perplexing and vexing problems facing the business today. The term itself must contain affirmative action or there is not regulation.

He noted there had been a tremendous increase in new types of policies and all for the good of the insuring public up to one point—whether or not the rate is adequate. The lowest price is not necessarily best for the insurance buying public, he said. "We are the whipping boys with a constantly reduced commission element in the area of 'non-vigorous competition.' If a state basis of regulation is best, affirmative regulation has to be given our business."

He said the position of the NAIA has sometimes been misinterpreted and that its stand is in favor of state rights but not for any model bill or prior approval of any form. It is the right of the individual state to determine the type of insurance regulation it should have, "but we must approve of it as to what is best for the public."

Resuming the theme of the public image of the insurance agent, following the luncheon, Prof. W. A. Knoke, head department of marketing Univer-

(CONTINUED ON PAGE 15)

Program participants at the farm writing agents breakfast at the Iowa association annual meeting. From left: Robert Hainline, superintendent farm department Hartford Fire, western department, Chicago; George C. Whitmer, manager Iowa Inspection Bureau, and Clarence D. Friday, Osceola, chairman rural agents committee.

Commissioner William E. Timmons of Iowa, greeting the Iowa agents at the annual meeting in Des Moines.

New Opportunities On Way, Ia. Agents Hear At Des Moines

For agents to have unlimited opportunity, new tools to fashion it are needed, H. H. Nelson, Council Bluffs, NAIA executive committee member, told Iowa Assn. of Independent Agents last week at the annual meeting in Des Moines. To begin with the companies, they are doing as much as they can along these lines, he continued. "The complacency of the past is gone for them and for you." The new look in property and casualty started when the all risk marine concept was applied to real property. This brought on the homeowners program along with two basic approaches that divided the companies.

First was the creation of an indivisible premium for the risk and second was the composite premium with each element price-tagged to maintain loss and experience control; a glittering array of policies is on the market today. He advised the agents to keep their eye on all-risk coverage for real property, for all-risk physicians and dentist coverage with professional and premises liability included, for an all-risk clinic policy, for the broad application of umbrella liability, and for the real professional, he said, the excess of loss contract which will be the deductible development on a broad front.

Dave Johnson, president Fisher-Brown agency, Pensacola, Fla. (left), and H. H. Nelson, Council Bluffs, NAIA executive committee member, lend a helping hand to Jolane Halsted of Des Moines who was passing out Sayre & Toso brochures for Holland-America at the annual meeting of the Iowa agents. Both men appeared on the program.

Being Scaled Down

The present $25,000 deductibles are already being scaled down to $5,000 and other schedules now in process go as low as $500, each of which permit drastic rate reductions and true professional application to the development of an adequate insurance program for the public. Many other tools are being fashioned by the companies, he said, "and some cannot be revealed as yet for obvious reasons."

Agents should not be disturbed because of the immediate confusion on the complexity of the various coverages but in truth recognize it as the unlimited opportunity to demonstrate their professional competency and not have themselves recognized as a code number to be fed into a monstrous machine, he declared.

"I know you must admit that we are on the move, companies and agents together, and I am willing to take odds that the next 10 years will be the toughest years the direct writers ever faced. You may not like to go through the convulsions of an awakening giant, but if you are fair, you can recognize that we are going to do a far better job for our clients than we have ever done before."

He said some companies have taken advantage of the situation by cutting commissions, "but this, too, will pass, if we can put this program into profitable production. . . In this battle of commissions you have no protection except your own dollar volume and if you are not smart enough and tough enough to place it where you can earn a decent return, you deserve to fail in the struggle to reaffirm your position in the industry.

"While we are on the subject," he continued, "let's face the fact that some companies and agents believe casualty and fire premiums can be direct billed like life insurance—completely forgetting the constant and inevitable social and economic changes that make it completely impractical for the insuring public to be properly covered, and for your own selfish reasons it is certainly unsound for the preservation of your agency value and the professional concept of service to your clients."

Sees Depletion Of Ranks

Mr. Nelson took notice of talk that is heard that "the big companies will completely control this business in the next 10 years; that the little company is doomed; that each of us will ultimately represent one company." He does not believe that the independent agency forces will let this happen, but there certainly will be a depletion of the company ranks in the same manner as the marginal agent is rapidly disappearing, he said.

"Our organization and the entire industry would be stagnant indeed if it were not for the tremendous competitive force brought to bear by the small companies willing to probe the troposphere in their efforts to provide new and broader coverage for their select group of clients," he declared. "The philosophy prevalent in some companies to take the wraps off rate fil-

(CONTINUED ON PAGE 20)

Texas Agents Name Anderson President; Discuss Rates, Advertising At Annual

Texas Assn. of Insurance Agents at its annual meeting in Galveston elected Durward L. Anderson, Houston, president; Carl H. Hunt, Dallas, vice-president; J. Grant Jones, Abilene; William P. Powell Jr., Weslaco, and R. M. Tweed, Borger, directors.

Preceding the first business session there was a meeting of the directors and a local agent conference. Presiding at the local agent conference was Mr. Anderson.

Greetings were extended those attending the local board conference by Miss Natalie Owen, president Galveston Insurance Board. A panel on "Inspection Service for Local Associations" was moderated by Miss Owen, with Joe C. Blackshear, vice-president Galveston Board; Fletcher Harris Jr., secretary; and Sam Schlankey Jr., past president, participating.

Relates Board History

Mr. Schlankey related the history of the Galveston board, the oldest association in Texas; Mr. Blackshear discussed the value of a fire inspection service for the local board as a builder of good will, and Mr. Harris developed in some detail the inspection service maintained locally as a means of showing what can be done.

"Some Legal Problems of Local Associations" were discussed by Newton Gresham, Houston attorney, who reviewed briefly the application of the Sherman act to insurance associations. He expressed the opinion that the "in or out rule" and the mutual rule are both dead.

Mr. Gresham advised the agents to consult a tax specialist when in doubt about taxation under the rule of the Internal Revenue Service, emphasizing that only the attorney who specializes in tax law is qualified to give advice on taxation as related to an association. Mr. Gresham said associations may adopt rules on membership as long as they do not restrain competition, or enter the field of concert of action.

Agree On Careful Planning

"Local Association Leadership" was presented by John W. Daniel, executive secretary Insurance Exchange of Houston; F. F. Ludolph, secretary San Antonio Insurance Exchange; and Lonnie W. Mohundro, executive secretary Dallas Assn. of Insurance Agents. They agreed that association meetings require carefully planned programs with speakers and material for discussion if the members are to be expected to attend. It was also pointed out that for development of leadership members must be given positions calling for participation in the work of the association so that new men may be trained.

Jack D. Smith, Galveston, general convention chairman, presided at the first convention session, at which Ned Price of the Texas State Board of Insurance spoke on "Underlying Principles of Fair and Effective State Supervision."

The remainder of the first session was devoted to a discussion of agency production problems. William L. Carter, Dallas, chairman of the public relations committee, emphasized the need for smarter work by agents. He stressed also the importance of education.

A discussion of advertising by agents developed a divergence of opinion. Some city agents said they have found TV advertising most satisfactory. Others consider it too expensive. Some of the agents had found radio spot announcements good in connection with news broadcasts. Agents in smaller towns with no TV or radio stations use newspapers, and some city agents have found newspaper institutional advertising good.

It was the consensus that billboards of medium size, placed at strategic places are helpful.

In connection with use of the telephone, the clinical educational service provided without cost by the telephone company was stressed. This resulted in a discussion of the importance not only of the manner of answering the telephone, the tone of voice, but also the importance of avoiding having a customer hold the telephone while a file is being considered.

When a question as to rate deviations as an answer to competition was brought up, the consensus was that deviation is not the answer, although many use it. Monthly payment of pre-

(CONTINUED ON PAGE 44)

Conventions

June 1, CPCU-CLU dedication ceremony Huebner Hall, Bryn Mawr, Pa.

June 4-9, National Assn. of Insurance Commissioners, annual, Bellevue Stratford Hotel, Philadelphia.

June 7-11, National Assn. of Public Insurance Adjusters, annual, Concord Hotel, Kiamesha Lake, N.Y.

June 12-14, CPCU institute, south central district, University of Kansas, Lawrence.

June 12-14, International Assn. of Health Underwriters, annual, Waldorf Astoria Hotel, New York City.

June 14-17, Carolinas mutual agents, annual, Grove Park Inn, Asheville, N. C.

June 15-16, Wisconsin mutual agents, annual, Schwartz Hotel, Elkhart Lake.

June 15-17, CPCU institute, north central district, Bowling Green State University, Bowling Green.

June 15-17, Mississippi agents, annual, Edgewater Gulf Hotel, Edgewater Park.

June 18-21, Conference of Mutual Casualty Companies, management conference, Hershey Hotel, Hershey, Pa.

June 18-21, Insurance Advertising Conference, annual, Equinox House, Manchester, Vt.

June 21-23, Georgia agents, annual, General Oglethorpe Hotel, Savannah.

June 22-23, Pennsylvania Assn. of Mutual Insurance Companies, annual, Hotel Brunswick, Lancaster.

June 25-28, Consumer Credit Insurance Assn., annual, Sheraton Towers Hotel, Chicago.

June 26-27, New Jersey mutual agents, annual, Sussex & Essex Hotel, Spring Lake.

June 26-28, Virginia agents, annual, The Homestead, Hot Springs.

June 28-30, Maryland agents, midyear, Stowaway Motel, Ocean City.

June 29-July 1, Florida agents, annual, Fontainebleau Hotel, Miami Beach.

July 4-6, International Assn. of Insurance Counsel, annual, Queen Elizabeth Hotel, Montreal, Canada.

July 16-22, National Assn. of Claimants' Compensation Attorneys' Bar Assn., annual, Statler-Hilton Hotel, Boston.

Aug. 6-10, Honorable Order of the Blue Goose, annual, Statler Hotel, New York City.

Aug. 10-12, Louisiana mutual agents, annual, Edgewater Gulf Hotel, Edgewater Park, Miss.

Aug. 13-16, West Virginia agents, annual, The Greenbrier, White Sulphur Springs.

Aug. 17-19, Texas mutual agents, annual, Texas Hotel, Ft. Worth.

Aug. 20-22, Montana agents annual, Finlen Hotel, Butte.

Aug. 21-22, South Dakota agents, annual, Marvin Hughitt Hotel, Huron.

Aug. 21-23, International Federation of Commercial Travelers Insurance Organizations, annual, La Fonda Hotel, Santa Fe, New Mexico.

Sept. 7-8, Utah agents, annual, Newhouse Hotel, Salt Lake City.

Sept. 7-9, New Jersey agents, annual, Traymore Hotel, Atlantic City.

Sept. 7-9, New Mexico agents, annual, La Fonda Hotel, Santa Fe.

Sept. 10-12, Kentucky mutual agents, annual, Kentucky Hotel, Louisville.

Sept. 10-12, New Hampshire agents, annual, The Balsams, Dixville Notch.

Sept. 11-12, Minnesota mutual agents, annual, Pick Nicollet Hotel, Minneapolis.

Sept. 14-15,, Conference of Mutual Casualty Companies, sales & agency conference, Conrad Hilton Hotel, Chicago.

Sept. 15-16, Minnesota agents, annual, Kahlor Hotel, Rochester.

Sept. 16-20, Michigan agents, annual, Grand Hotel, Mackinac Island.

Sept. 17-19, Indiana mutual agents, annual, Marott Hotel, Indianapolis.

Sept. 17-19, Oregon agents, annual, Benson Hotel, Portland.

Sept. 17-19, West Virginia mutual agents, annual, Frederick Hotel, Huntingon

Sept. 17-20, Idaho agents, annual, Sun Valley Lodge, Sun Valley.

Sept. 17-20, International Claim Assn., annual, The Greenbrier, White Sulphur Springs, W. Va.

Sept. 18-19, Vermont agents, annual, Woodstock Inn, Woodstock.

Sept. 20-22, Kansas mutual agents, annual, Jayhawk Hotel, Topeka.

Sept. 20-22, Washington agents, annual, Chinook Hotel, Yakima.

Sept 25-27, National Assn. of Insurance Agents, annual, Dallas, Texas.

Sept. 27-29, Society of CPCU, annual, Sheraton Park Hotel, Washington, D. C.

Oct. 1-4, National Assn. of Mutual Insurance Companies, annual, Statler Hotel, New York City.

Oct. 3-5, Wisconsin agents, annual, Schroeder Hotel, Milwaukee.

Oct. 5-6, New England mutual agents, annual, Wentworth-by-the-Sea, Portsmouth, N. H.

Oct. 5-7, Arizona agents, annual, Bright Angel Lodge, Grand Canyon.

Status, Future Covered At Ia. Agents Meet

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sity of Iowa, said the business image is something very real that may be held consciously or subconsciously in the public mind. It is the sum of the company, the product and the service personality as seen by the buying public, your customer. "We're talking about something more fundamental than we are—the thinking of people," he said. The insurance agents live under a common banner—the Big I. This image or symbol is in competition with many other products and services vying for the consumer dollar. It is not an easy or simple task and is never done, he declared.

"Keep your slogan out in front. You must promote it. At least 1,500 advertising messages are received each day by the average person. Your product is very complex and you must not assume that everyone knows what you do about insurance. Keep this in mind and keep working on good communication with the public. Also, don't forget that your product is an intangible which makes the task doubly difficult."

Keep Customer In Mind

Prof. Knoke said the agent must have in mind a basic concept of how the customers want to buy—not "how I have always sold or how I would like to sell." The consumer must be served, and he will satisfy his wants anyhow.

Returning to merchandising of product, he queried as to whether the typical customer knows all he wants to know or should know about insurance to buy intelligently. The product must be "packaged" for him. "Merchandise your market line through the Big I. You are not large enough individually to fight the big non-agency

Newly elected members of the executive committee of Iowa Assn. of Independent Agents at the annual meeting. From left: Earl Holtz, Ames; Carl L. Obermann, Ottumwa; Ivan H. Anton, Des Moines, and Cyril J. Friedman, Dubuque.

companies alone," he noted. "The Big I is a package you are offering."

The speaker said the role of price cannot be overstated and agents must face up to price competition. "Do not have a closed mind to the difference in commission between you and the direct writing agents," he advised.

Reach Through Advertising

People in a mass producing society must be reached through the use of advertising, since in this type of society the agent will have to spread out from areas where he is "known and loved," he said. And as to advertising, it should be kept simple, since people just don't understand some advertising if it assumes a level of sophistication that just doesn't exist. Keep it simple, direct and straightforward. He stressed that marketing starts and ends with the consumer—"not your decision as to what you think is good for your customers. Fit your business into the consumer's likes, needs and desires, and remember that while price is not all important, it is important. Make it easy for customers to come to you. Adjust to change. Your image is what you are. Advertising doesn't change it; it only calls attention to it."

Dave Johnson, president Fisher-Brown agency, Pensacola, Fla., and immediate past chairman of the Big I advertising program, told the agents that the success of "all of us depends on us as individuals and that whatever we wish to do we must first imagine. Imagine yourself successful." To do this means work. Work is man's great function and he must keep working no matter what. No one ever made it working 40 hours a week. It can't be done. "Work with your head as well as your hands."

He said he did not subscribe to or buy any thinking that the days of the agency system are numbered. There will be changes but there can be no progress without changes. "Don't be among those who live by 'dynamic apathy'." Mr. Johnson said he did not see how a one- or two-man agency can survive and still get out and take care of all of the business including the changes that are taking place. However, the first-class independent agent will survive and go longer and further than ever before, but he must believe in work. He told the agents they must share their profits with their employes, that they must be given some kind of stock arrangements, pay bonuses and the like. Then they will stay loyal. The day is gone when the employer can take all of the profits. He suggested adding young men to the organization, "but if you can't get his heart, don't take his body."

Details Big I Advantages

Mr. Johnson detailed a number of activities and advantages of the Big I. There are parts of the Big I which some agents probabably don't like, he said, but "don't condemn it completely on that score, anymore than you would your religion." The program is not a cure-all for everything but it is getting to the public.

R. E. Hainline, farm department superintendent Hartford Fire, western department, was the principal speaker at the rural agents' breakfast. He discussed the new farmowners policy, which is on file in several states and was approved in Iowa the day preceding the breakfast—May 15. He said Farm Underwriters Assn. has spent a great deal of time and study on the new form and now feels it has come up with a policy that does fulfill the farmer's needs and is a salable contract.

Mr. Hainline said that what he considers the three most important aspects of farm business both from the

R. J. Connable, Keokuk, immediate past president of the Iowa association (left), presenting the "Agent of the Year" citation to Philip E. Jester of Des Moines at the banquet during the annual meeting.

agents and companies viewpoint are: "We need the business—that requires salesmanship; we need to hold the business—that requires service, and we need to make a profit—that requires underwriting." He discussed these points, stressing salesmanship as the most important, since if the agents don't sell the business there is no need in bothering with the other two points. He advised the agents not to waste their time envying their competition and to remember that no one has a monopoly on good sales ideas or techniques.

No Farm From Office

Mr. Hainline said farm business cannot be written from the office. "Get rid of office detail and get out in the country where you can make some real money. Why let this business go to others without competition?" In detailing some of the advantages of the service which the agent has to offer he warned the agents that they should never be guilty of selling the farmer an improper policy notwithstanding the fact that he may request it. The agent should definitely be in the same position as an attorney, a physician or any other professional man and if a farmer or anyone else insists on buying a policy that is not fair to himself or the company the agent should refuse to be a party to the transaction. In other words, sell only policies that fit the individual insured's needs or no policy at all.

Simultaneously with the farm agents breakfast, there was also a local board breakfast. One of the subjects discussed attracting considerable attention was a catastrophe plan prepared by the Waterloo board. The agents have met with the local adjusters and prepared a plan to help the insured in an emergency and as a by-product publicize the independent insurance agent. The board has a ¼ page ad already set in type and at the newspaper ready to go which tells the property owners what to do in case of any catastrophic occurrence.

Radio Script Prepared

A radio script has also been prepared and all that is needed is to call the station and say to run the script. A TV ad similar to the newspaper ad has been arranged for and is also ready at any time, and a sound track is available to go through the streets broadcasting advice on what to do in regard to claims. All agents have been advised to have a storm file set up and have necessary loss notices on hand at all times. This means about 1,500 per agency in the Waterloo area, the board feels.

At the general session, Robert A. Brown and Kenneth J. Stultz of Brown & Dieckman agency, Waterloo, discussed agency automation. Mr. Brown said the agency system has been confronted with a tremendous number of changes and his agency made a long study of automation in other insurance agencies country-wide. It now handles all of its business on an automation basis through a service bureau, thus obviating the necessity for having any IBM or other electronic equipment in the agency.

He said the first thing on thinking about going into automatic bookkeeping is for the agent to sell himself and then his organization. The latter means problems, since people seem to be resentful of change. He pointed out that with the introduction of electric typewriters postage machines, calculators, background music, each in turn was eyed with a certain amount of disfavor, but now the employes would not wish to go back to the old way on any of these. It was the same with automation.

In listing the advantages of automation Mr. Brown said, "You set up a schedule that works for you and to meet your deadline you must get out billing and other matters called for by the schedule. We are much more enthusiastic about the insurance business since we have been getting records to show us exactly where we are going. This is real motivation. Also automation will help you with collections. Statements are always on time and you also have a breakdown on just what you are doing with your companies and in what class of business."

The local agent benefits in two other very important ways from automation in competing with direct writers, he

said. It gives him time to get out and do more selling and provide more service.

Mr. Stultz detailed his agency's system and pointed out that if an agency does its own bookkeeping it will always have its own expiration list "and the companies are not doing our bookkeeping for us."

Carl L. Obermann of the Noel agency of Ottumwa, discussed agency mergers, using the formation of the Noel agency from five local agencies in Ottumwa as an example.

B. J. Haller Jr., editor Underwriters Review, who also moderated a workshop session, summed up the efforts of each of the speakers on the program, discussing "Where Have We Been?"

Name Outstanding Field Man

At the luncheon John A. Flanagan of North British received a $50 bond as the outstanding field man in service to agents in the Iowa association and to his company. Presentation was made by Lee M. Miller, Des Moines, association president.

At the banquet, Philip E. Jester, Des Moines, was presented the "Agent of the Year Award" by R. J. Connable, Keokuk, immediate past president of the Iowa association.

A two-part workshop session was held which included a formal debate: Resolved—Should Iowa agents adopt the procedures of direct company billing to their insured and use continuous policy forms? Debaters for the affirmative were A. L. Stoll, Ames, and Vincent Murray, Sioux City; for the negative—Richard Grossman, Marshalltown, and C. J. Smith, Des Moines, No conclusion was reached, this being left up to the audience as individuals. Both agents and field men attended the debate, which received considerable acclaim for its scope and method of presentation.

The convention also featured a complete program for the ladies and dancing and entertainment at the banquet. Thomas Moore and Walter Lundgren of the host Des Moines association were co-chairmen of the convention.

New officers, who were named in last week's issue, include Clark R. Caldwell, Iowa City, president; Richard Grossman, Marshalltown, vice-president; Robert F. Noland, Davenport, treasurer, and Robert A. Brown, Waterloo, state national director. E. Stewart Ulrich remains as secretary-manager.

Elected to the executive committee were Earl Holtz, Ames; Ivan H. Anton, Des Moines; Cyril J. Friedman, Dubuque, and Carl L. Obermann, Ottumwa.

CPCU Program Ready For South Central District

The impact of regulation on insurance marketing will be the theme of CPCU's south central district institute June 12-14 at University of Kansas. Jack Landreth, Lawrence agent, is general chairman, and Dean E. Matthews, agent at Ashland, Kan., is program chairman.

Among those on the faculty will be George Hampton, vice-president Phoenix of Hartford; Mrs. Jean P. Riggs, Cheyenne agent; Gustav F. Michelbacher, retired vice-president Great American Indemnity; A. W. Tompkins, executive vice-president State Farm Mutual; Vestal Lemmon, general manager National Assn. of Independent Insurers; George Waggoner, University of Kansas, and George S. Hanson, general counsel NAIA.

Standard Accident Names Greeno At Dallas

Standard Accident has named John S. Greeno assistant manager at Dallas.

Mr. Greeno entered the business in 1946 as a field man at Buffalo for Standard Accident and in 1947 was transferred in that same capacity to the company's Syracuse office. He joined the Dallas branch in 1954 as a field man and was named supervising field man of that branch in 1957.

Assign Peters To Ky.

Celina Mutual has assigned K. J. Peters to Lexington as state agent for Kentucky. His territory will now include the northeastern and eastern tier of counties bordering Indiana, Ohio, West Virginia and Virginia.

Says Controlling Major Fires Is A Collective Problem

DETROIT—Controlling fire disasters is, or should be, a team effort, the 65th annual conference of National Fire Protection Assn. was told here.

George F. Wahl, general manager Factory Mutual Engineering Division of Associated Factory Mutual Fire Insurance Companies, said that while responsibility for such industrial catastrophes is usually assessed against management, with lesser criticism directed at the watchman, or the fire fighter, or the loss prevention engineer, it may actually be the failure of all fire protection experts collectively.

But Mr. Wahl had more than simply criticism for the delegates gathered at the Motor City—he also had a five point conservation program:

—If there are combustibles present—and one shouldn't be misled by statements that "there is nothing to burn"—a control program is needed.

—Ignition sources are plentiful, con-

(CONTINUED ON PAGE 46)

Newly elected officers of Oklahoma Assn. of Insurance Agents: From left; M. O. Breeding, Oklahoma City, vice-president; Stanley D. Whitehurst, Oklahoma City, president; Bill McWilliams, Oklahoma City, secretary-treasurer, and J. F. Williams, Ardmore, president-elect.

Public Adjuster Bill Fails To Pass In Mich.

LANSING—A bill to regulate activities of public adjusters, particularly as regards solicitation of adjustment and repair contracting during progress of a fire, apparently failed to reach enactment at the legislative session which adjourned its active phase last week.

The measure had passed the senate but was pigeonholed by the house insurance committee after a delegation from Detroit, representing public adjusters and contractors, had protested the bill vociferously at a committee hearing.

A slightly modified version of the bill, reducing from 48 to 24 hours the period after a fire during which solicitation for adjustment or repair service could not be made, was attached to a house bill and passed by the senate, going to conference, making it possible that the measure might be salvaged when final business is disposed of at sine die adjournment June 8-9.

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Extends E&O Coverage

North America has filed an endorsement to its multiple peril errors and omissions policy. Of special interest to mortgage banks and allied fields, the new amendment applies to all business in force.

The endorsement extends coverage in the amount of $10,000 (excess of $100 deductible) to the legal liability of insured due to any error or omission for failure to pay real estate taxes on mortgaged property. There is no additional premium in the new filing, nor is the limit of liability of the policy increased.

The policy is available in all states except Arkansas, Mississippi and North Carolina.

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Insurance Club of San Antonio has elected N. W. Jackson, Jackson & Co. agency, as president; Roland Aycock, Southland Life, 1st vice-president; R. L. Gulley Jr., Tower Life, 2nd vice-president; J. R. Blackford, Texas Employers, secretary (reelected), and E. W. Samuels, Texas Continental Life, treasurer.

Mich. Liquor Liability Law Won't Be Changed This Year

LANSING—Efforts to modify Michigan's liquor liability statute to an extent that insurers could write business for licensees with an expectation of reasonable experience proved futile at the legislative session just ended.

A bill to eliminate the excessive risks which have marked the business in the past was vetoed by Gov. Swainson after it had passed both houses. A slightly modified version of the measure then was attached to a pending senate bill and passed there. It came to grief in the house, however, in the closing hours of the session when the lower chamber refused to accept the senate amendments. Only an outside chance remains that this decision might be reversed when the lawmakers return June 8-9 for the formal sine die adjournment.

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Twelve Named By Allstate

Allstate has appointed Paul L. Sexsmith, services manager, and Maurice S. Childs, operating division manager, at Salem, Ore., and William Attlesey, Robert W. Nicholson, and J. Masse, district sales managers at Toronto. Also named at Toronto was Reginald J. Stephens, to assistant underwriting manager.

Other appointments include: Herbert E. Lister, eastern zone personnel representative, Harrison, N.Y.; John A. Wetherall, accounting manager, Denver; Russell C. Duncan, district sales manager, Kansas City; Frank R. Uzzel Jr., accounting manager, Atlanta; Robert A. Butler, assistant claim manager, Michigan, and Gene P. Mickel, assistant underwriting manager, Dallas.

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Zurich Holds Sales Session

Selected Zurich sales representatives were brought into the head office recently for a sales development session as a part of the company's continuing in-service training program. Emphasis was placed on the importance of planned, organized presentations designed to achieve maximum results without making unwarranted demands on the busy agent's time.

Iowa Agents Told Of New Opportunities

(CONTINUED FROM PAGE 12)

ings would be the first step both to the extinction of the small companies and of the agent as independent and competitive forces in the industry. I do not believe that the companies desiring this course of action will be successful, and state control will remain in effect in order to protect the insuring public. If state control is broken, then there is only one course and that is federal . . . Complete regimentation would be but a matter of time," he averred.

Predicts Great Future

As to the position of the independent agent and where he is going, Mr. Nelson believes he will go "to the greatest heights ever attained by our system." Admittedly, tomorrow's program is complex, intricate and demanding of the first hand continuing analysis of a competent, intelligent, inquisitive agency personality, capable of placing and servicing in a welter of available contracts, he said. "Where will the buyer go, to the hit and miss service of a direct writer employe or to the steady, guiding hand of the qualified independent agent?" he queried. "I think you know the answer, but you must be ready and be qualified for tomorrow's market place."

Noting that the power of the NAIA lies in the strength and direction and authority given it by each state association, he said that the policy format laid down by the board of director representatives of the various states has been one which has strictly limited the executive committee of the national association from engaging in any discussion relative to the contractual relationship between the agent and his company. "Until this barrier is removed, we are seriously impeded from solving the coercive action of collusion in the matter of establishing commissions," he declared.

Takes Gerber To Task

Mr. Nelson took Director Joseph S. Gerber of Illinois to task on some of the statements he made before Arizona Insurance Agents Assn., namely: "Perhaps the most important factor affecting the future of the agent's position is a psychological one. The agency system has been suffering from a complex of negation and frustration. Their theme of the day is conflict and survival. Their position is a defensive one. Thus the state of mind of the company system is sickly. It is not geared for the bright future. Their competitors, on the other hand, display confidence and speak authoritatively; optimism is their password, their creed. Their position is forward looking."

"I do not concur in the philosophy of Joe Gerber," said Mr. Nelson. "It is my understanding that he, like many prophets of doom in the company ranks, has never had the privilege of selling an insurance policy in the wide open, competitive, and sometimes bloody arenas of this industry." He added that he did not have any great affection for anyone who seeks to expound on the cure who has not first "contracted the disease."

"It has been said our system is full of lazy, procrastinating agents who give lip service to the principles of the agency system," he went on to say, and pointed out that before an agent can go into business he must be contracted by a company and he cannot continue to represent without company acquiescence. "Quality and excellence in agency representation lies entirely within the realm of the companies, together with the obligation to pursue the continuing education of those that are appointed, to see that they are properly trained and provided with the proper facilities to render the service necessary for the insuring public."

Compares With Life Companies

Here the speaker made a comparison between the agency companies and the life companies in "obtaining new blood in the ranks." The life insurance companies seek out, finance and train their agents, he said. Admittedly these companies provide the training through salaried staff representatives, but the fire and casualty companies should assume at least one half of the expenses of training a new man. Whether they would do this or not, however, the plan would be wholeheartedly accepted by the agents seeking new blood today, he declared.

"It is time that the fire and casualty industry faces the fact that it has invested practically nothing in its agency plant and that tomorrow's portion of the market will depend largely on the part that these companies play in financially supporting and fostering the preservation of their agency plant," he said.

The sales force of the agency system has done and will continue to do its job, he continued, if it can do so on a profitable level, but as a word of warning to those who have fostered the unilateral action of commission reductions, "may I point out that we in the midwest have reached the minimum level of return beyond which the incentive will be lost and the attrition will ultimately destroy the effectiveness of the greatest sales force ever assembled.

'Ask . . . For Tools'

". . .We ask but for the tools to build the temple of worthiness of our hire. If this cannot be had, then we have but the choice of retirement, unionization or governmental control. We seek none of these and would rather go down to defeat on the premise that we are capable to match deeds with words, to reinstate a true partnership between ourselves and our companies if but given the opportunity." He opined that companies and agents alike stand on the threshold of a great era of prosperity with unlimited opportunities to serve and protect the insuring public.

"Some recognition towards unity of these forces has been made by both companies and agents, and if it will be fostered and nurtured by both sides to its ultimate successful conclusion, then we may look forward in confidence to the preservation and enlargement of the agency system, along with the unlimited horizon of growth for the capital stock companies that we have so long represented," he concluded.

Plaster Twin City Casualty Men's President

George Plaster, Great Northern, has been elected president of Twin City (Minneapolis-St. Paul) Casualty Insurance Underwriters Assn. Other officers are John Dinsmore, Federated Mutual of Owatonna, 1st vice-president; W. J. Callahan, American Hardware Mutual, 2nd vice-president; and Norman L. Svea, American Auto secretary-treasurer.

Elect Judice President Of New Orleans Health Agents

William F. Judice has been elected president of New Orleans Assn. of Health Underwriters. Other officers are Edward C. Linck Jr., Continental Casualty, president-elect; Mattie E. Herrick, Mutual of Omaha, vice-president; Maurice Grossman, World of Omaha, secretary; and Kelly Van Matre, Occidental of California, treasurer.

Film On Auto Claims

A training film for claims adjusters, The Plus That Pays, has been sponsored by Calvert Fire, Motors, Nationwide Mutual, State Farm Mutual and Vale Technical Institute. Filmed at the institute's school for auto damage claims adjusters, the picture points up the need for sound selling principles in this field. Prints can be purchased by writing to the institute at Blairsville, Pa.

Moller To Phoenix-Hartford

William G. Moller has been appointed special agent for Phoenix of Hartford in Colorado and Wyoming. His headquarters are in Denver.

Mr. Moller has been with America Fore as special agent in the mountain field for the past several years.

Boat financing has been added to the auto and mobile home financing activities of Government Employees Finance & Industrial Loan Corp., affiliate of Government Employees Ins. Co., which is offering boat insurance both in conjunction with the financing program, and separately.

The **Martin-Wolf agency** of Chicago has purchased all outstanding business of the Albert Lamphear agency there.

Chicago A&H Assn. Elects C. K. Coleman At Season's Finale

Chicago A&H Assn. closed out its regular season with a real working meeting—elections were held, letters were read, statistics of the government's foray into the A&S business were heard, and last, but hardly least, plans for a Chinese barn dance were announced.

Moving into the office of president, held this past year by Stanley Greenspun, Massachusetts Casualty, was Charles K. Coleman, Combined of America. Three vice-presidents were chosen: Vernon Gerhardt, Modern Life & Accident; Norman K. DeYoung, DeYoung & Associates, and James P. Lockerbie, Hartford Accident. Warren R. Whitted, Mutual Benefit H.&A., was named secretary-treasurer.

Eugene R. Crain, American Casualty, read a letter he had received from Standard Oil of Indiana with regards to that company's practice, which has been hit hard by the association and other groups within the insurance industry, of soliciting travel accident insurance through its credit cards.

Mr. Crain said members would be happy to learn that the company states it is no longer soliciting insurance. It will temporarily renew those policies already written, but plans eventually to get out of insurance altogether. This announcement was the occasion of loud cheers and a comment from President Greenspun regarding the efficacy of agents writing letters expressing their feelings.

Edward H. O'Connor, general manager Insurance Economics Society of America, was the luncheon's principal speaker and he had some encouraging words for those opposing Forand-type legislation.

Mr. O'Connor said that while Congress will probably take up the subject in the latter part of June, nothing will be done this year. Next year, an election year, will see some real action.

Nevertheless, Mr. O'Connor said, by that time the insurance industry will have some forceful statistics to present. There are now 16 million people 65 years of age and over. Eight million of these are now covered by private insurance; next year even more will be so covered. Some 2.5 million more are already on the public payrolls. Another 1.2 million will be taken care of by the Kerr-Mills bill—thus leaving, by next year, only some four million (or less) uncovered.

This, the speaker said, is the real strength of those opposed to attaching medical care for the aged upon the social security structure: The fact that by this summer, some 30 states will be using the Kerr-Mills bill.

Mr. O'Connor predicted, however, that should the administration's plans go through, within five years everyone, regardless of age, would be covered for medical care. "And that, brother, is socialized medicine," he concluded.

To a somewhat mixed reaction, the association announced that its annual banquet June 29 would be modeled along the lines of a Chinese barn dance. No one seemed to know exactly what this entailed, but members were advised to dress informally.

Employers Mutual Cas. Has School

A three-day conference and school for home and branch office personnel and general agents of Employers Mutual Casualty of Des Moines, was held at the home office this month. More than 200 representatives serving 38 states and Canada attended the conference for discussions of changes and innovations in the business, new sales tools and the company's goals for the year.

Speakers included Dr. Charles E. Irvin, sales and management consultant of Ormond Beach, Fla.; Dr. Curtis M. Elliott, professor of insurance University of Nebraska; E. F. Scoutten, vice-president, Maytag Co.; Mary I. Fitzgerald, executive director Iowa Retail Grocers Assn.; and Judge Ray Harrison and Dr. Herman Smith of Des Moines.

Fid. & Cas. Error In Illinois Figures

The listing in the issue of May 5 of the direct premiums and direct losses in Illinois for casualty business in 1960 inadvertently left out Fidelity & Casualty of N. Y. in four lines: Workmen's compensation ($4,245,505—$2,725,194); liability (not auto) BI ($1,976,544—$807,579); liability (not auto) PD ($589,943—$169,995) and boiler & machinery ($246,607—$28,112). The business done by the company in all four of these lines easily places it among the top 10 companies writing such business in Illinois.

Eggertson Head Of New Alberta FIIC Chapter

Thomas R. Eggertson, Dale & Co. Ltd., has been elected president of the newly organized Alberta chapter of Society of Fellows of Insurance Institute of Canada. F. Peter Kendrick, Marsh & McLennan, is vice-president, and George H. Taylor, Canadian Underwriters Assn., is secretary-treasurer.

Exhaustive Study Shows Part Time Character Of Distribution

(CONTINUED FROM PAGE 6)

ticipation in another occupation.

The committee found that when it began to examine the exclusive agent's position in the market it had to make two classifications, "exclusive captive agent" and "captive agents, not exclusive." This was because some exclusive agent companies will permit the agent to place automobile business they don't want in other companies.

Both classes represent 30% of all producers holding agent licenses (i.e. agents only and dual licensees) and 14% of all producers reporting. Of these, 824 represented one company exclusively; 1,062 were, under their contracts, permitted to write auto business elsewhere if the company refused to accept or renew such business.

While numerically fewer captive agents are located in New York City, they represent a larger proportion of all agent-licensees in the city than in the rest of the state. Upstate the sole right to represent a company in a given territory is fairly prevalent. Thus, 47% of all captive agents upstate represent one company exclusively compared with 38% in the city.

Captive Agents

Captive agents in general are relatively newer licensees than all other producers. They show an average duration of 12.2 years, compared with 15.1 for all producers. In New York they average 14.4 years, compared with 15.5 for all licensees, and upstate 11, compared with 14.7 for all.

Earnings of captive agents are directly related to number of years licensed. Those earning $500 to $5,000 average 12 years, while those earning $50,000 to $100,000 average 22 years. Over-all (median) earnings of captive agents are somewhat larger, $3,726, than for producers as a whole, $3,497. Earnings of exclusive agents, $4,915, are substantially more than those of non-exclusive captive agents, $2,991.

Oddly enough, 21.6 of all captive agents cede business to others, compared with 26.9% for all producers. Those assuming risks represent 9% of their total, compared with 17.9% for all producers. The average number of clients per captive agent is 439, compared with 386 for all producers. However, average earnings per client for captives are smaller, $20, than for all producers, $30.

Advertising Questions Answered

The answers to the advertising questions were illuminating. Of 13,549 answering the advertising question, 29% did outside or direct mail. Of 3,961 producers who advertised, 2,298 used outside media, 2,691 direct mail, and 1,028 both. There is a direct relation between advertising and income. For example, 31.4% of those earning $10,000 to $19,999 did both kinds of advertising. Median earnings for those doing outside advertising only is $15,395, compared with $7,505 for direct mail advertisers only, and $1,892 for producers that do none. Those doing outside and direct mail had a median of $14,334. Only 8.7% of the non-advertisers had incomes of more than $20,000 a year, compared with 13.7% of all producers, 37% of outside advertisers, and 18.3% of direct mail advertisers.

The producers surveyed wrote 2,705,414 automobile liability insurance risks in 1959. This represented 52% of all their fire and casualty clients. Produc-

Ind. Lumbermens Mutual Opens New Cal. Office

Indiana Lumbermens Mutual has opened its newly-constructed regional headquarters building at Walnut Creek, Cal., which will service northern California, Oregon, Washington, Utah, Idaho, and Nevada, as well as the Los Angeles branch office, which serves agents and policyholders in southern California and Arizona. President and Manager Gold R. Beall, Vice-president and Assistant Manager Herbert A. Pasch, Vice-president R. Niles Hiatt, and Assistant Vice-president Richard K. Fowler were present for the opening ceremonies. They were joined by Resident Vice-president T. R. Lubking, who is in charge of the Walnut Creek building, and his staff in greeting agents, insurance department officials, and other guests at the opening ceremonies.

Mont. Mutual Agents Elect

Montana Mutual Insurance Assn. at its annual meeting in Boulder elected E. T. Christ-Janer, Great Falls, as president for 1961, and Edward Thomas, Butte, vice-president.

The two-day meeting closed with a banquet attended by 71 member agents who heard a talk by George McKiever, Coral Gables, president of the national association.

New directors of the Montana association are Frederick Froebel, Brady; Frederick Hoffenrot, Billings, and Joseph Bush, Missoula.

ers with larger incomes had more automobile clients in relation to the total than did producers with smaller incomes. For example, the producer earning $500 to $1,999 had 37% auto clients whereas the producer earning $10,000 to $19,999 had 56.9% auto clients.

New and Renewed Risks

Analysis of the percentages of new and renewed auto risks to clients shows the same pattern of increasing persistence of auto insurance with increasing income. On the average, the broker will succeed in renewing 35 auto liability policies for every 100 clients he serves, a dual licensee 44 per 100 clients, and the agent 56 per 100.

The report attributes this increase in persistence with the increase in producer income to two factors: (1) The low-income producers tend to be the newer ones, and (2) cancellations and non-renewals of automobile business are comparatively higher among small producers. The study shows that the producer earning $500 to $2,000 can expect to renew three auto liability policies for every new one he writes, while the producer in the $20,000-$50,000 class can expect to renew six policies for every new risk written. This also provides the large producer with a distinct advantage over the small producer in obtaining and holding business other than automobile insurance, the report comments.

New York City shows a distinctly lower persistency ratio than upstate. Its ratio of renewals to new risks was 4.4 compared with 5.3 for the rest of the state. This is borne out by assigned risk data. During 1959, 21.8% of all private passenger car risks in the boroughs of Manhattan, Bronx and Brooklyn were written through the AR plan, compared with 8.5% for the balance of the state. Producers use more companies to place their auto business in New York City. The average number of auto risks placed by a producer with one company in the city is less than half for upstate.

Further, the study shows, brokers use more insurers, upstate agents fewer. The average number of risks per insurer or channel for the broker is 32, for agents it is 155.

Fund Names Two In Ark.

F. D. Harrison has been transferred by Fireman's Fund from Dallas to a newly formed branch office at Little Rock as superintendent of casualty underwriting. Mr. Harrison recently joined the Fund as supervising underwriter in Dallas.

James H. Carter has been named casualty special agent for Arkansas to assist the present field personnel.

Fund Assigns Four To Southeast Field Posts

Fireman's Fund has assigned J. Ellis Brown Jr. and Arthur H. Bourlay to Tampa, Mr. Bourlay as automobile-casualty specialist for Florida and Mr. Brown as special agent for the southwestern part of the state. R. Mason Wise has been named special agent at Richmond for central Virginia and Joseph W. Elliott ocean marine special agent at Atlanta.

Mr. Bourlay has been auto-casualty specialist at Atlanta, and Mr. Wise was a multiple line special agent at Dallas. Mr. Elliott, whose territory comprises Georgia, Florida, Alabama, Mississippi, Virginia and the Carolinas, has been undergoing training at the New York ocean marine department.

65-Plus Plans Introduced By Pa. Blue Cross, Shield

HARRISBURG, PA.—Both Blue Cross and Blue Shield coverage for persons over age 65 who have not been previous subscribers to the plans has been introduced in Pennsylvania. Enrollment in both plans will begin late in May.

Blue Cross rates will be $6.67 monthly for individuals and $13.34 for families. Benefits include 30 days of hospital care per year after payment of $2.50 a day for the first 20 days, outpatient care and home nursing after hospitalization.

Blue Shield will offer three contracts, ranging from $1.83 a month for individuals earnings less than $1,500 a year to $7.32 a month for a member with dependents earning more than $4,000 annually.

Grant New TIAA Chairman

Harold M. Grant, vice-president Phoenix of Hartford, has been elected chairman of the executive committee of Texas Insurance Advisory Assn. Other officers elected at the spring meeting of the executive committee include Raymond S. Mauk, American General, vice-chairman; B. L. Boynton, vice-president Continental, secretary; and F. D. Watkins, Aetna Fire, treasurer.

Va., D. C. Mutual Agents Elect

Mutual Insurance Agents Assn. of Virginia and District of Columbia at its annual meeting in Williamsburg elected W. B. Graham, Richmond, president. Vice-presidents named are Samuel R. Ames, Norfolk; Bernard T. Dodder, Washington; Edward Faucette Jr., Bristol; and Jack C. Capps, Richmond. Charles A. Ramstetter, Richmond is treasurer.

Business Deals More Energetically With Auto Insurance Situation

By KENNETH O. FORCE

It is more than likely that in the days ahead there is going to be even more competition to get the better automobile business, more direct billing, less free insurance and fewer flat cancellations, and more effort to keep the PHD with the BI.

There are also, however, definite indications that the business is doing more in the way of research and experiment to handle more successfully the poorer risks.

Assigned risk populations will decline where companies are credited for voluntarily writing 2C drivers (and other undesirable classes), and where the commission is enough under that for regular business to make it worth while for producers to try to place it in the voluntary market. Merit rating and similar plans have helped depopulate AR plans by more precise identification of responsible and irresponsible drivers and by providing surcharges which in some cases bring the premiums up to AR level.

Market Is Easier

Beyond this, the auto insurance market is easier. This became noticeable last fall, even in territories like metropolitan New York City.

The record shows that 1960 was better than 1959, though not much. It was better mostly for individual companies —and worse for others. It was better for insurers that fielded the ablest team—management, underwriting, and agents. This is still no line for amateurs. It is not likely ever to be.

The business is getting used to the fact that automobile insurance is a socio-political complex of high volatility, subject to forays from the outside by amateurs pursuing special purposes. The automobile insurance business can't take a neutral position. There are no neutral positions left. In the turmoil, there is safety, even survival, only in moving with intelligence, energy, and purpose toward solving problems—the young driver, for example. To do that requires fact finding rather than opinion propagation. The research that is being done in several areas is producing a body of fact on which the business can build a sound course for more satisfactory results for itself and the public.

Public Attitude

The public will continue, in general, to resent and resist rate increases. There will continue to be effort to pass compulsory laws. The latter arises from a profound American trait, the conviction that a situation can be cured or vastly alleviated by passing a law—even though in this case the situation has developed largely out of failures to enforce laws, regulations, and standards of ethical practice already on the books.

Because of the high level to which premiums have risen, the business will continue to attract the attention of newspapers. Some papers will show an interest, as well they might, in the problems that make up automobile insurance for which the insurance business is not responsible, such as ambulance chasing and medical fakery, the young driver, and inadequate and improper roadways.

On the whole, newspapers have been fair and accurate in their treatment of automobile insurance difficulties in recent years. A good example—there are many others—is the New York Herald Tribune, which ran a series of articles on safety in March, 1961. This was a comprehensive outline of safety efforts in the nation and what success they are having.

Diagnosis Of Accidents

Among other things, the article called attention to the work being done by Harvard Medical School on a grant of $810,000 from the U.S. Public Health Service. This is a study in depth of motor vehicle accidents in the Boston area as they happen. A team of doctors and others gets to the scene of the accident as quickly as possible, interviews survivors, examines non-survivors, and closely studies every piece of accident evidence inside and outside the automobiles involved. In general what they have found is that what happens in accidents is much different from what those involved in it, and even persons who witnessed it, say happened.

A "good" example of opposite kind of treatment was carried by the New York Post, also in March, 1961. In this series, a couple of writers for that newspaper excoriated the insurance business, the insurance department, and others for "gouging" the public. The writers charged that rather than losing money on the automobile business, the companies are making fantastic profits by high rates and by investment profits on policyholder money. They quote total fire-casualty results, not auto. The series was considered about as scurrilous as anything that has been done.

The merit rating plan works—as did some of the similar plans before it. It works for those companies and agents using it energetically and intelligently. If further proof were needed that the program is successful, it is supplied by the appearance of leading independent competitors before insurance departments to oppose it.

In the success of the merit rating program, a considerable amount of credit goes to the name of the plan and

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1960 Becomes The $6 Billion Year For Auto Insurance

Automobile insurance premiums in 1960 passed the $6 billion milestone by a comfortable margin, reaching a total of $6,245,935,904, representing a gain of $427,099,380 over 1959. The incurred losses of $3,622,676,194 were $308,106,815 more than in 1959, and produced an earned-incurred loss ratio for 1960 of 58.1%, which compares with 56.9 in 1959 and 58.5 in 1958.

In 1950, automobile earned premiums came to $2,547,241,711, which is $1 billion less than the losses for 1960. The $5 billion mark of auto premiums was achieved in 1958.

The 1960 gain in automobile premiums of $427 million was $73 million less than the increase in the preceding year and probably is accounted for by widespread credits under merit rating, some leveling off of rates in selected areas, and a generally increasing use of economy auto plans. Even so, the gain of $427 million is one of the largest in the history of auto insurance.

Stock companies ended 1960 with a slightly worse loss ratio than in 1959, 58.9% last year against 57.0 the year before. The mutuals continue to show improvement, their ratio going 1.2 points down to 56.5% in 1960 compared with 57.7 in 1959. Reciprocal and Lloyd's organizations stayed about the same with a 55.4% ratio against 55.3 in 1959.

Mutual companies also tended to show slightly faster rate of growth than the stock insurers, and consequently they are writing a slightly larger percentage of the total business, 28.5%, which compares with 28.3 the year before. Stock companies account for 64.7% and reciprocals and Lloyd's 6.8.

Of the total $6.2 billion in auto premiums written in the U. S. last year, 42.7% was supplied by the 20 largest auto writers. These companies produced $2,663,181,163 in earned auto premiums, $235 million more than the 20 largest insurers of the year before. In 1959, the 20 leaders wrote 41.8% of all auto business, and in 1958 the percentage was 40.9.

State Farm and Allstate, the one-two companies with $881 million in aggregate premiums, continued to increase their share of the total market, and they now account for 14.1% of all auto insurance business compared with 13.5 the year before and 12.8 in 1958 and 11.8 in 1957. State Farm was the leading auto insurer in the world for the 19th year in a row in 1960.

Among the 20 leaders, Motors, now incorporating the business of General Exchange, zoomed from 18th to 4th position, but most of the other changes were of a minor nature. Replacing General Exchange in the top 20 is Home, which now has incorporated in it the auto business of Home Indemnity, and another newcomer to the list is St. Paul F.&M., which takes the place of Fidelity & Casualty of the America Fore group. F.&C.'s auto business has been distributed among the members of America Fore Loyalty.

The $6.2 billion of auto premiums earned in 1960 were divided by lines as follows: BI, $2,871,080,000; PDL, $1,233,603,000, and PHD, $2,140,431,000. Leading writers by coverages were:

BI

1.	Allstate	230,888,000
2.	State Farm	200,585,000
3.	Hartford Accident	99,198,000
4.	Travelers	90,717,000
5.	Aetna Casualty	85,297,000

PDL

1.	Allstate	89,388,000
2.	State Farm	85,248,000
3.	Travelers Indemnity	57,888,000
4.	Hartford Accident	41,804,000
5.	Nationwide Mutual	38,070,000

PHD

1.	Motors	171,993,000
2.	State Farm	169,825,000
3.	Allstate	105,104,000
4.	Travelers Indemnity	62,256,000
5.	Hartford Fire	47,190,000

20 Leading Auto Insurers Of 1960

1960 Rank	1959 Rank		1960 Prems. $	1959 Prems. $	1950 Prems. $
1.	1.	State Farm	455,659,950	419,740,013	95,510,851
2.	2.	Allstate	425,381,318	367,810,209	49,641,875
3.	3.	Travelers Indemnity	174,003,961	186,833,290	50,124,914
4.	18.	Motors	171,993,497	49,621,886	25,933,246
5.	5.	Nationwide Mutual	160,548,880	140,956,126	50,620,243
6.	4.	Aetna Casualty	159,495,735	146,644,598	39,989,474
7.	6.	Hartford Accident	141,003,151	124,955,869	56,098,865
8.	7.	Farmers Exchange	124,239,001	120,125,349	51,631,314
9.	10.	Liberty Mutual	118,743,942	106,245,294	38,781,261
10.	9.	U. S. F. & G.	117,815,921	111,721,357	41,902,086
11.	13.	Travelers	90,717,413	66,186,681	41,615,078
12.	12.	Lumbermens Mutual Cas.	79,949,001	76,238,352	50,077,298
13.	14.	Indem. of North America	66,600,007	62,464,258	18,440,213
14.	17.	Govt. Employees, D.C.	59,781,507	50,615,050	7,337,127
15.	15.	Maryland Casualty	59,415,448	59,636,058	25,919,029
16.	16.	Continental Casualty	55,591,783	51,673,661	18,309,043
17.	—	Home, N. Y.	52,765,893	31,111,799	18,479,342
18.	19.	Fireman's Fund	52,068,098	49,046,453	11,123,672
19.	20.	Ohio Casualty	48,901,012	48,174,615	22,812,461
20.	22.	St. Paul F. & M.	48,505,645	45,200,133	10,236,356

Aggregates Of Auto Insurance Premiums And Losses In 1960

	1960					1959			1950			1940			1930		
	Premiums Earned $	% of Total	Increase in Prems. $	Losses Incurred $	Loss Ratio %	Premiums Earned $	% of Total	Loss Ratio %	Premiums Earned $	% of Total	Loss Ratio %	Premiums Written $	% of Total	Loss Ratio %	Premiums Written $	% of Total	Loss Ratio %
Stock companies	4,043,342,938	64.7	263,524,478	2,332,616,793	58.9	3,779,818,460	64.8	57.0	1,824,323,751	71.6	48.4	542,795,495	75.6	43.0	405,964,519	82.6	42.6
Mutuals	1,780,156,597	28.5	132,882,683	1,005,635,068	56.5	1,647,273,914	28.3	57.7	560,526,483	22.1	47.7	137,083,542	19.3	41.3	62,425,847	12.7	41.3
Reciprocals and Lloyd's	422,436,369	6.8	30,692,219	234,424,333	55.4	391,744,150	6.9	55.3	162,391,477	6.3	47.6	36,800,795	5.1	45.3	22,917,253	4.7	45.9
Totals	6,245,935,904	100.0	427,099,380	3,622,676,194	57.9	5,818,836,524	100.0	56.9	2,547,241,711	100.0	48.0	716,679,832	100.0	42.9	491,307,619	100.0	42.6

(CONTINUED FROM PAGE 25, COL. 3)

its conferment on the buyer of a personal distinction. It would be interesting to know, if any company or organization undertakes an objective survey, how much this award of merit, this gold star for performance, influences insured to buy one auto policy rather than another. Since the plan is taking business away from insurers that long have been charging a discounted premium, the impression is inescapable that price alone is not producing the substantial acquisition of preferred automobile business for those using the merit program.

Today it is evident that a considerable number of insured are shifting from one insurer to another—because of competitive moves designed to attract the superior risk, because of the movement of companies into and out of the automobile market nationally or by territory, because of the flow of insured into and out of assigned risk plans, and for other reasons. The economic cost of this movement has not been computed and perhaps cannot be. It is considerable and must be borne, eventually, by premium payers. For the individual insurer it can represent a punishing drain on resources.

Significance Of Persistence

This puts in focus what is apt to be a key to the future success of insurers with the automobile line, whatever the rating plan. That is the maintenance of a high percentage of renewals on desirable business. It can be just as uneconomic to put such business on the books and have it go off, continuously and in large part, as to pay too much for it or to put on a poorer quality.

Recognition of the driver in money savings and in prestige identification may have a very strong adhesive effect. Driving is a personal performance, and it is connected with the ownership of the automobile, which runs to personal pride and status. Insurance on the automobile apparently means more personally to the driver than insurance on anything else, even life. This may be especially so since auto coverage in modern times is equated with the privilege of continuing to drive.

That some form of award for good driving performance exerts a strong influence on insured's relationship with his insurer is illustrated by a story from the midwest. There not long ago one agency bought another. The purchased agency had on its books a number of automobile policies insured in a company that long had used a safe driver award system. When the purchasing agency sought to transfer these insured to its companies, it met remarkably strong resistance. The difference in premium often was no more than $5. But insured did not want to lose his "award" standing. He had had it for a long time, and it meant a good deal to him.

Real PR Problem

If merit rating has an attraction for insured, application of the demerits can produce a negative effect of much the same intensity. In this connection, merit rating poses a serious public relations problem. This is in connection with the payment of claims for which insured does not believe he is liable and the consequent earning of a demerit in his rate—and a black mark on his driving record with the insurer.

Suppose the insurer, to avoid the development of a BI claim, pays a small PDL claim of, say, $60. This could result in a 20% increase in premium for three years, which in many areas would be more than $60.

Insurers may have to reexamine their claim payment practices. Cer-

25 Leading Groups In Auto Premiums

The accompanying table lists the 25 leading groups of insurers from the standpoint of auto insurance premiums. At the left of the group name is the rank in 1960, and to the right the rank in 1959.

1. STATE FARM 1.

	1960 Prems. $	1959 Prems. $
State Farm Mutual Auto	455,659,950	419,740,013
State Farm Fire & Cas.	....	....
Total	455,659,950	419,740,013

2. ALLSTATE 2.

	1960 Prems. $	1959 Prems. $
Allstate	425,381,318	367,810,209
Allstate Fire	6,710,657	6,261,724
Total	432,091,975	374,071,933

3. TRAVELERS 3.

	1960 Prems. $	1959 Prems. $
Travelers	90,717,413	66,186,681
Travelers Indem.	174,003,961	186,833,290
Charter Oak Fire	....	....
Total	264,721,374	253,019,971

4. HARTFORD FIRE 5.

	1960 Prems. $	1959 Prems. $
Hartford Fire	47,190,586	43,812,340
Hartford Accident	141,003,151	124,955,869
New York Underwriters	2,.002,151	1,859,410
Citizens	500,696	464,852
Twin City Fire	375,522	348,639
Total	191,072,738	171,441,110

5. NATIONWIDE MUTUAL 7.

	1960 Prems. $	1959 Prems. $
Nationwide Mutual	160,548,880	140,956,126
Nationwide Mutual Fire	9,095,612	9,818,075
Nationwide General	....	956,618
Total	169,644,492	151,730,819

6. AMERICA FORE LOYALTY 4.

	1960 Prems. $	1959 Prems. $
Continental	56,811,376	28,300,475
Fidelity-Phenix	13,255,987	47,971
Niagara	....	3,007,893
Fidelity & Casualty	37,874,250	77,220,276
Firemen's	35,033,681	47,146,639
National-Ben Franklin	2,840,567	3,626,665
Milwaukee	9,468,561	10,879,993
Commercial	9,468,561	10,879,993
Yorkshire	3,598,054	3,195,026
Seaboard F. & M.	1,136,226	317,818
Total	169,487,263	184,622,746

7. AETNA LIFE COMPANIES 9.

	1960 Prems. $	1959 Prems. $
Aetna Casualty	159,495,735	146,644,598
Standard, Conn.	....	....
Total	159,495,735	146,644,598

8. FARMERS OF LOS ANGELES 8.

	1960 Prems. $	1959 Prems. $
Fire Exchange	....	....
Farmers Exchange	124,239,001	120,125,349
Truck Exchange	27,131,902	26,783,719
Mid-Century	....	....
Total	151,370,903	146,909,068

9. LIBERTY MUTUAL 10.

	1960 Prems. $	1959 Prems. $
Liberty Mutual	118,743,942	106,245,294
Liberty Mutual Fire	13,193,771	11,796,036
Total	131,937,713	118,041,330

10. U. S. F. & G. 11.

	1960 Prems. $	1959 Prems. $
U. S. F. & G.	117,815,921	111,721,357
F. & G. Underwriters	....	....
Total	117,815,921	111,721,357

11. KEMPER COMPANIES 12.

	1960 Prems. $	1959 Prems. $
Lumbermens Mutual Cas.	79,949,001	76,238,352
American Motorists	29,964,957	27,998,394
Amer. Manufacturers Mut.	2,545,961	2,384,278
Federal Mutual	1,980,308	1,761,720
Total	114,440,427	108,382,744

12. ROYAL-GLOBE 13.

	1960 Prems. $	1959 Prems. $
Royal	10,404,889	10,099,115
Queen	13,502,527	13,105,722
Newark	5,321,583	5,165,195
American & Foreign	4,130,184	4,008,808
British & Foreign	2,621,078	2,544,051
L. & L. & G.	9,054,636	8,788,542
Thames & Mersey	1,588,534	1,541,850
Globe Indemnity	18,426,979	17,885,456
Royal Indemnity	14,376,221	13,953,740
Total	79,426,631	77,092,479

13. AMERICAN 14.

	1960 Prems. $	1959 Prems. $
American	44,774,556	43,174,846
American Auto	23,879,762	23,026,584
Associated Indemnity	5,969,939	5,788,237
Total	74,624,257	71,989,667

14. THE FUND 15.

	1960 Prems. $	1959 Prems. $
Fireman's Fund	52,068,098	49,046,453
Fireman's Fund Indem.	....	....
Home F. & M.	9,533,595	8,980,336
National Surety	11,733,655	11,052,720
Total	73,335,348	69,079,509

15. GENERAL ACCIDENT 17.

	1960 Prems. $	1959 Prems. $
General Accident	44,299,142	41,330,730
Potomac	20,720,565	19,332,115
Pennsylvania General	6,430,519	5,999,620
Total	71,450,226	66,662,465

16. GENERAL AMERICA 16.

	1960 Prems. $	1959 Prems. $
General, Seattle	31,992,266	32,550,943
First National	163,473	167,337
Safeco	39,279,908	34,679,272
Total	71,435,647	67,397,552

17. NORTH AMERICA 18.

	1960 Prems. $	1959 Prems. $
Ins. Co. of North Amer.	2,269,457	2,021,943
Indemnity of No. Amer.	66,600,007	62,464,258
Total	68,869,464	64,486,201

18. CONTINENTAL-NATIONAL 20.

	1960 Prems. $	1959 Prems. $
Continental Casualty	55,591,783	51,673,661
Transportation	....	....
National Fire	3,875,506	3,257,192
Transcontinental	683,911	574,798
Total	60,151,200	55,505,651

19. OHIO CASUALTY 21.

	1960 Prems. $	1959 Prems. $
Ohio Casualty	48,901,012	48,174,615
Ohio	551,969	747,916
West American	6,956,373	3,431,104
Total	56,409,354	52,353,635

20. HOME 23.

	1960 Prems. $	1959 Prems. $
Home	52,765,893	31,111,799
Home Indemnity	3,368,033	15,257,544
Total	56,133,926	46,369,343

21. ST. PAUL 22.

	1960 Prems. $	1959 Prems. $
St. Paul F. & M.	48,505,645	42,200,133
St. Paul Mercury	5,389,392	5,022,237
Total	53,895,037	47,222,370

22. HARDWARE MUTUALS 24.

	1960 Prems. $	1959 Prems. $
Hardware Mut. Cas.	39,554,622	44,971,599
Hard. Dlrs. Mut. Fire	9,895,260	1,172,538
Total	49,449,882	46,144,137

23. EMPLOYERS 19.

	1960 Prems. $	1959 Prems. $
Employers Liability	21,748,879	34,359,863
Employers Fire	3,838,047	5,889,534
American Employers	20,952,559	19,014,804
Halifax	889,743	629,649
Total	47,429,264	59,893,850

24. GREAT AMERICAN 25.

	1960 Prems. $	1959 Prems. $
Great American	38,192,648	41,574,638
Amer. National	1,181,216	1,285,813
Total	39,373,864	42,860,451

25. SERVICE 26.

	1960 Prems. $	1959 Prems. $
Service Fire	27,268,924	28,307,032
Service Casualty	11,575,101	10,630,683
Total	38,844,025	38,937,715

Thinks Permissive Use Proviso In Auto Policy Needs Revision

So badly has the permissive use proviso in the standard auto liability policy been stretched and twisted out of shape by courts that it must eventually be revised if it is to meet the underwriters' intention, declared June M. Austin, attorney and assistant to the general counsel of Employers Re. She presented her paper on the omnibus clause, which has resulted in more litigation than any other single clause since the policy's inception, at the claim meeting of Conference of Mutual Casualty Companies at Chicago.

In her study, Miss Austin cites a multitude of cases and opinions which have evolved from the troublesome provision in the omnibus clause that the word "insured" includes any person using the automobile "provided that actual use thereof is with the permission of the named insured."

Question Permission Granting

Although the policy language refers to actual use "with the permission of the named insured," the question frequently arises as to the capacity of named insured to grant permission. It has been held that when named insured has sold the automobile, he no longer has the capacity to grant permission, even though his license plates remain on the automobile and the buyer fails to register the automobile in his name. In a unique case involving the capacity to grant permission, an automobile was repossessed by a creditor, who did not transfer title from named insured but gave the automobile to another with the knowledge of named insured. The court held that named insured, holding ownership and title to the automobile, had the capacity to grant the requisite consent to operate the automobile by another. The singular feature of this case is that named insured may not have realized that he had the right to grant or withhold permission. If he didn't realize this, the question then is whether this fact puts him in a position to grant permission, or whether this permission did not exist because he failed to realize he had the right. The best test in determining whether named insured has capacity to grant permission is to find whether he has capacity to deny permission.

Initial Permission Rule

In considering the question of permission, the various courts have adopted the strict, liberal or initial permission rule. When the permittee is an employe of named insured, the general rule is that, providing named insured has given express permission to use the automobile for business purposes, use by employe for social or non-business purposes should be less readily inferred. An exception here exists in jurisdictions which have adopted the initial permission or so-called hell-and-high-water rule that permission for any purpose implies permission for all purposes. This initial permission rule has been stretched and extended so far that the employe of named insured is considered an omnibus insured even though he uses the automobile in direct violation of an express prohibition by named insured. Once the employe uses the automobile, he uses it thereafter with permission unless there has been a termination of permission. This termination occurs when the employe surrenders the automobile to the named insured after accomplishing the purpose for which he originally took the automobile.

When an employe has taken an automobile for personal use, permission may be implied if there is evidence of general custom or history of frequent use for personal purposes and if this has been done with the knowledge and acquiescence of named insured. The courts have not defined general custom but they have said what it is not. The fact that the car keys were always available to the employe did not establish a general custom. Permission to operate an automobile on a farm is not permission to use it on a highway for personal purposes. Knowledge by named insured of the general custom or history of frequent use is necessary to establish implied permission. This knowledge must be accompanied by acquiescence. So, if named insured reprimanded the employe for using the automobile for personal use, and the employe repeated the offense, there would be no implied permission. The general rule is that permission is not terminated if the employe, using the automobile for business purposes, violates a rule of named insured such as forbidding passengers or drinking.

When a person who is not an employe receives express permission to drive the automobile for some benefit to named insured, the general rule is that the permittee does not have permission to use the automobile for his own purposes. Implied permission to a non-employe, based on the conduct of named insured, a history of use or re-

(CONTINUED ON PAGE 39)

SDIP-Package Program Produces Results For Agents, Companies

By HOWARD T. KNUDSEN

Without question, automobile insurance was the No. 1 problem line for our industry during the last decade. Companies suffered staggering underwrititng losses on this line. Producers were plagued by tight markets on the one hand and a loss of desirable insured to lower priced competition on the other. Insured and prospective insured were subjected to steadily increasing rates and—in some cases—to the necessity of obtaining desired protection through assignment to a company not of their choice.

Howard T. Knudsen

No one was happy with this situation and the natural tendency of each party to blame the others became commonplace.

I cite this only as background to a consideration of the rapid changes in the private passenger automobile insurance business which have taken place within the last two years. While the record of the past cannot help but affect the thinking and attitude of insured, producers and company people alike, progress can only be made by profiting from the experiences of the past rather than engaging in gloomy post-mortems.

Now In New Era

In my judgment we have entered a new era and the results of the next decade will clearly demonstrate that many stock companies and their agents have learned to write private passenger automobile business aggressively and soundly to the benefit of all concerned. We cannot settle for anything less when the line involved is not only the biggest in premium volume for most companies and producers but is also the key to other personal lines of business. The producer or company executive who adopts an attitude of unconcern towards private passenger automobile business is in a very real sense indicating a lack of concern about his—or his company's—future in all of the personal insurance lines.

The decision of the National Bureau and National Automobile Underwriters Assn. companies to introduce the safe driver insurance plans and the special automobile policy was based on no such pessimistic philosophy. Rather it was founded on a determination on the part of these companies to reverse the trends of the past and once again put these stock companies and their producers in a sound underwriting and competitive sales position for the most desirable business. At the same time, the program is aimed at providing a broad market for other insured who are reasonably entitled to voluntary insurance protection.

Our company has been solidly behind this program from the outset, and we have strongly solicited the cooperation of our producers in putting the new plans to the test of the market place. We have done so not because we believe that we have found an easy panacea to all of our problems in the private passenger automobile insurance field but rather because we believe quite strongly that these programs are soundly conceived and can become the basis for the solution to these problems if they are given the chance. Unless we put them to a fair test in the market place, they will be of no value to us, and we will never know just where the strengths and weaknesses lie.

Mr. Knudsen, vice-president of Aetna Casualty, has been with that company since 1921 when he went with the casualty department of the W. G. Wilson general agency in Cleveland. In 1937 he went to the home office as manager of the special risk department. He was elected secretary in 1942 and vice-president in 1951. He long has been a close student of the automobile insurance business.

In urging broad support of the special policy and the safe driver plan, we have not been unmindful that these programs embody changes for our producers. Although adjustment has been more difficult for some agencies than for others, experience has demonstrated that where an agent has used the program aggressively, he has been happy with the results.

These new rating and coverage programs will succeed only if they satisfy the public demand and are attractive to producers and companies in terms of results. No amount of detached ivory tower thinking by producers or company people can alter this basic fact. Unless agency stock companies reach the insuring public and respond to the consumer demands, we will lose the automobile insurance market by default. Too often in the past we have tried to sell the public what we wanted them to have rather than attempt the difficult job of trying to find out what the public wanted and give it to them. We are determined not to make this mistake again.

Our early confidence in the attractiveness of these programs was influenced by the many meetings we had with our producers all over the United States during 1959. These meetings were held as a part of our research into the reasons for our worsening position, and we solicited the views of our producers on what should be done. There were some very frank and constructive discussions at these meetings and we came away satisfied that our producers—for the most part—recognized that changes needed to be made

(CONTINUED ON PAGE 42)

"BE CAREFUL! DON'T YOU KNOW WHAT BODY REPAIRS COST?"

Show Ratios Of Law Suits Outstanding To Auto Liability Premiums Earned In 1958-60

The ratios of suits outstanding to earned automobile liability premiums countrywide for companies licensed in Illinois are shown in the following exhibit. The information is taken from the 1960 annual statements showing schedule P experience for the three-year period 1958-1960. Column 2 shows the number of suits outstanding as of Dec. 31, 1960, in connection with policies for which premiums were earned in the three-year period. In column 3 is the number of suits per $100,000 of earned liability premium.

Results are given for companies with $3 million or more of premiums for the three-year period.

	Prems. Earned 1958-1960	Outstanding Suits, Dec. 31	Suits Per $100,000 of Earned Prems.
Accident & Cas.	10,007,752	593	5.9
Aetna Cas.	203,143,358	10,970	5.4
Aetna Fire	44,657,940	3,131	7.0
Agricultural	3,504,935	261	7.2
Allied Amer. Mut.	3,892,533	309	8.2
Allied Mutual Cas.	7,376,622	161	2.2
Allstate	519,452,765	32,015	6.2
Amer. Casualty Group	27,799,311	1,651	5.9
American Employers	27,142,564	1,656	6.1
American F.&C.	38,609,212	1,716	4.4
Am. Fore Loyalty Grp.	237,354,865	16,508	7.0
American Guar.	5,780,309	230	4.0
American Hard. Mut.	12,623,905	823	6.5
American Home	6,136,336	251	4.1
American Indemnity	6,724,646	231	3.4
American Group	83,972,577	2,950	3.5
American Motorists	41,340,391	2,658	6.4
American Mut. Liab.	30,117,999	2,823	9.3
American States	18,061,064	189	.9
American Surety	29,285,902	1,917	6.5
Anchor Casualty	6,296,485	178	2.8
Atlantic Mutual Group	11,712,306	532	4.5
Atlantic National	10,859,747	2,134	19.7
Automobile Club, Mo.	6,936,559	182	2.6
Auto-Owners	21,731,569	610	2.8
Bituminous Casualty	7,528,121	302	4.0
Boston	14,204,370	1,359	9.5
Buckeye Union Cas.	19,161,448	502	2.6
Canal	3,746,442	451	12.1
Carolina Casualty	7,211,998	386	5.3
Cas. Recip. Exch.	3,864,265	215	5.6
Celina Mutual	8,052,579	334	4.1
Central Mutual, O.	6,446,704	361	5.6
Central National	3,208,068	105	3.3
Central Surety	10,486,943	447	4.6
Citizens Casualty	3,301,360	269	8.2
Commercial Standard	5,415,864	121	2.2
Comml. Union Group	31,050,407	1,565	5.1
Connecticut Fire	20,034,326	1,975	9.8
Conn. Indemnity	7,415,554	739	10.0
Consolidated Under.	4,824,831	229	4.6
Continental Casualty	73,584,169	2,136	2.9
Cosmopolitan	3,801,967	503	13.2
Country Mutual	11,124,562	671	6.0
Economy F.&C.	6,559,617	138	2.0
Employers Cas., Tex.	13,406,089	282	2.1
Employers Fire, Mass.	6,003,407	365	6.0
Employers Liability	50,215,370	2,907	5.8
Emp. Mut. Cas., Ia.	25,868,012	653	2.5
Employers Mut. Liab.	28,771,209	1,618	5.6
Equitable F.&M.	20,034,326	1,975	9.9
Equity Mutual	3,209,047	120	3.7
Factory Mut. Liability	34,377,956	2,307	6.7
Farmers Auto, Pekin	5,286,441	84	1.6
Farmers Exch., Cal.	138,074,722	2,368	1.7
Farm. Mut. Auto, Wis.	27,010,255	994	3.7
Federal	27,129,100	2,552	9.4
Fed. Mut. Impl. & Hd.	9,412,584	184	1.9
Fireman's Fund Grp	82,404,704	3,589	4.3
Freeport	6,792,030	153	2.3
General Accident Grp.	93,374,644	5,748	5.7
General Cas., Wis.	11,733,144	254	2.2
General F.&C.	14,369,826	2,925	20.1
General of Seattle	37,747,934	1,312	3.5
Glens Falls	42,384,008	2,887	6.8
Govt. Employees	64,337,552	3,181	4.9
Grain Dlrs. Mut., Ind.	5,195,860	211	4.0
Great American Grp.	53,887,281	2,322	4.3
Great Northern	4,602,912	208	4.6
Gulf	9,169,778	286	3.1
Hanover	10,870,949	1,071	9.9
Hard. Mut. Group	64,262,146	3,670	5.7
Hartford Accident	229,740,486	12,940	5.6
Hawkeye-Security	4,133,164	168	4.1
Home	55,148,325	2,576	4.6
Hoosier Casualty	3,128,840	94	3.0
Houston F.&C.	4,114,695	117	2.8
Ideal Mutual	3,608,052	413	11.4
Illinois National	5,200,660	168	3.2
Imperial Cas. & Ind.	4,016,059	163	4.1
Indem. of No. Am.	85,078,967	7,257	8.5
Ins. Co. of No. Am.	2,896,008	22	1.3
Indiana	6,711,682	105	1.5
Ind. Lumber. Mut.	14,251,886	800	5.6
Industrial Indem.	4,855,913	178	3.7
Chicago Motor Club	11,444,680	304	2.7
Ia. Mutual	5,484,547	147	2.7
Ia. Nat. Mut.	16,976,176	597	3.5
Liberty Mut.	183,575,317	10,844	5.9
London Assurance	4,419,412	175	3.9
London & Lancashire	13,641,385	782	5.7
London Guar.	27,871,654	2,388	8.6
Lumber. Mut. Cas.	116,146,404	8,024	6.9
Lumber. Mut., O.	5,543,758	231	4.2
Market Mens Mut.	4,451,103	165	3.7
Maryland Cas.	79,975,771	4,003	5.0
Mass. Bonding	30,673,514	2,474	8.1
Merchants Fire, N.Y.	13,205,872	1,320	10.0
MFA Mutual	13,412,601	535	4.0
Mich. Millers Mut.	3,097,945	110	3.6
Mich. Mut. Liability	21,520,494	997	4.6
Mid-Continent Cas.	3,917,909	252	6.5
Millers Mut. Fire, Tex.	5,356,397	156	2.9
Millers Mut., Ill.	3,322,006	129	3.9
Milwaukee Auto Mut.	9,198,566	148	1.6
Motor Club of Am.	4,387,673	579	13.2
Motorists Mutual	12,579,209	430	3.4
Motor Vehicle Cas.	5,337,848	138	2.6
Mut. Service Cas.	17,443,035	298	1.7
Natl. Auto & Cas.	4,632,252	169	3.7
Natl. Farmers Union	5,536,319	129	2.3
Natl. Grange Mut	29,320,482	2,014	6.9
National Indemnity	7,904,221	442	5.6
Natl. Union Fire	14,267,022	664	5.1
Nationwide Mut.	197,856,886	11,423	5.8
New Amsterdam Cas.	39,157,703	3,501	9.0
New Hampshire	15,856,031	1,032	6.5
North British Group	10,486,943	447	4.3
Northeastern	4,187,711	168	4.0
Northern of N.Y.	6,217,160	502	8.1
Northwestern Mut.	26,827,727	799	2.9
Northwestern Natl.	15,826,469	652	4.2
Ohio Casualty	53,676,786	887	1.6
Ohio Farmers Group	15,946,683	336	2.1
Old Colony	6,087,587	583	9.6
Pacific Employers	8,235,196	253	3.1
Pacific Indemnity	23,442,084	981	4.2
Pacific of N.Y. Group	8,932,584	649	7.3
Pacific National	6,270,152	282	4.5
Peerless	15,186,157	472	3.1
Pa. T.&F. Mut.	24,816,246	1,409	5.6
Phoenix, Lond. Grp.	27,871,654	2,388	8.6
Phoenix, Conn.	20,034,326	1,975	9.9
Preferred, Mich.	3,297,604	100	3.0
Preferred Risk Mut., Ia.	12,863,460	670	5.2
Providence Wash.	7,685,874	659	8.6
Prudence Mut. Cas.	5,925,375	571	9.7
Reliance	8,820,469	575	6.5
Reserve	4,231,623	274	6.5
Royal-Globe Group	108,943,165	8,297	7.6
Safeco	44,373,794	1,517	3.4
Safeguard	13,641,385	782	5.7
St. Paul F.&M.	54,864,260	1,701	3.1
Security, Conn.	7,415,554	739	10.0
Security Mut. Cas.	16,609,869	119	7.2
Shelby Mutual	20,894,459	978	4.6
Springfield Grp.	12,916,799	1,115	8.6
Standard Accident	54,849,748	3,199	5.8
Standard of Tulsa	3,345,339	46	1.4
Standard Marine	13,641,385	782	5.7
State Auto. & Cas.	9,089,195	79	.8
State Automobile, Ind.	12,104,011	593	4.9
State Farm Mut. Auto	388,720,720	12,163	3.2
Stuyvesant	7,980,398	309	3.9
Sun Group	8,635,778	1,393	16.1
Transit Casualty	19,047,318	1,218	6.4
Transport Indem.	10,265,461	441	4.3
Transport, Dallas	7,165,370	354	4.9
Travelers Indem.	159,922,379	8,594	5.4
Travelers	196,777,982	13,271	6.7
Trinity Universal	14,022,388	490	3.5
Truck Exch., Cal.	31,900,176	837	2.6
Union Auto Indem.	3,833,294	169	4.4
United Pacific	12,281,598	208	1.7
United Services Auto	44,854,123	1,761	3.9
U. S. Casualty	17,377,603	1,473	8.5
U.S.F.&G.	141,935,862	6,6[illegible]	4.7
Universal Unds.	5,778,512	500	8.7
Utica Mutual	44,968,413	3,435	7.7
Vanguard	3,080,244	186	6.0
West American	5,371,202	76	1.4
Western Cas.	24,947,002	833	3.3
Western Fire	3,019,588	118	3.9
Wolverine	9,765,082	247	2.5
Zurich	43,203,168	2,423	5.6

Stock Companies Reach $4 Billion In Auto Premiums; Loss Ratio Rises

Automobile earned premiums of stock insurers last year passed $4 billion, the gain of $263,524,478 being 6.9% greater than the 1959 total of $3,779,818,460. Incurred losses went up almost as much as the premiums, amounting to $2,382,616,793 to produce a loss ratio of 58.9%, up 2.9 points from 1959

The dollar increase of the stock companies was about $25 million less than the gain in 1959, owing chiefly to the fact that on the whole merit rating and economy plans have had a slightly depressing effect on the rate level, but the mutual companies had just enough larger a percentage gain so that the stock companies share of the total auto insurance market dropped one-tenth of a point to 64.7%. Two years ago the stock companies had 65.7 of the market. Ten years ago, in 1950, stock companies accounted for 71.6 of the total automobile insurance premiums.

Interesting Changes

There are two or three interesting changes in the 10 leading automobile stock insurers. These 10 companies accounted for $1,466,207,958 in earned premiums, this being 36% of all the stock company auto business. All of the top 10 stock companies are among the 15 largest auto insurers in the U.S.

Allstate continued in 1960 to dominate the automobile insurance scene from the stock company side. Its 15.6% increase was worth $57 million in premiums, and the company maintains a leadership over all other stock companies that is most imposing—it is $250 million ahead of the second company, Travelers Indemnity, this difference being $75 million more than Travelers Indemnity's 1960 auto business.

Allstate writes 10.5% of all the business done by stock companies and 6.8% of all auto insurance in the U.S. In 1950, Allstate was good enough for eighth place among all companies with $49.6 million in premiums, so that in 10 years the company has gained $350 million as it increased its business 8½ times.

Some trading of business between Travelers and Travelers Indemnity produced a premium decrease for the latter company that nearly cost it second position with the merger of General Exchange and Motors into a single company that shot Motors up 246% to third position, just a little more than $2 million behind Travelers Indemnity. The Travelers companies, with $246,721,374 in auto premiums, are a dominant second place team among the stock companies in the auto business. The 6.9% cut-back in auto premiums of Travelers Indemnity is more than matched by 37% gain by Travelers, and the two companies show a combined gain for the year of $11.7 million in earned auto premiums.

With the business of General Exchange incorporated into Motors, the merged company assumes a more readily recognizable significant position. The over-all gain is $10.2 million for Motors-General Exchange, this being something less than 10% of the combined volume for 1959.

Aetna Casualty is pushed back a notch into fourth position among the stock companies. The gain of $13 million puts the company comfortably past the $150 million mark.

Hartford Accident also is forced back by the rise of Motors, and this despite a 12.9% increase in premiums ($16 million).

In sixth position among the stock companies is U.S.F.&G., which stepped up slightly its rate of gain to 5.5% to reach $117.8 million in premium volume. The year before the rate of gain was 2.2%.

Last year the No. 7 company was Fidelity & Casualty, but that company has traded business within the America Fore group and has dropped out of the Big 10. Travelers occupies the 7th position now, and the 8th spot is held by Indemnity of North America, which is at the $66.6 million mark. Indemnity of North America is now officially nonexistent, having been merged with Ins. Co. of North America, and on the basis of that merger can count on something over $2 million more of premium volume for its total in 1961.

The fast moving Government Employees made its first appearance among the leading stock company auto writers last year, occupying 9th position with an 18.1% increase on its 1959 premium base of $50.6 million. The 1960 premiums came to $59.7 million. This is another of the aggressive newcomers that 20 years ago amounted to almost nothing and 10 years ago was barely a factor.

Maryland Casualty tapered off its auto volume after a couple of years of sizable increases, but despite the 3.7% reduction the company remains No. 10 among stock companies and No. 15 among all companies in the auto business.

TOP TEN STOCK COMPANIES

	1960 Prems. $	1959 Prems. $	% of Incr.	1958 Prems. $	1950 Prems. $	1940 Prems. $
1. Allstate	425,381,319	367,810,209	15.6	297,810,658	49,641,875	3,570,935
2. Travelers Indem.	174,003,961	186,833,290	— 6.9	164,213,168	50,124,914	6,765,634
3. Motors	171,993,497	49,621,886	246.0	34,937,321	25,933,246	9,941,093
4. Aetna Casualty	159,495,735	146,644,598	8.8	131,856,326	39,989,474	12,892,617
5. Hartford Accident	141,003,151	124,955,869	12.9	108,263,270	56,098,865	13,624,327
6. U. S. F. & G.	117,815,921	111,721,357	5.5	103,993,229	41,902,086	8,913,240
7. Travelers	90,717,413	66,186,681	37.0	78,734,180	41,615,078	14,638,138
8. Indemnity of N.A.	66,600,007	62,464,258	6.6	60,111,189	18,440,213	4,784,447
9. Gov't Employees, D.C.	59,781,507	50,615,050	18.1	40,071,899	7,337,127	768,057
10. Maryland Casualty	59,415,448	59,636,058	— 3.7	53,339,403	25,919,029	6,945,951

1960 Auto Experience Of Stock Insurers Is Detailed By Company

	1960 Total Earned Prems. $	1960 Total Incurred Losses $	Loss Ratio %	Incr. or Decr. in Prems. $	BI Earned Prems. $ (000 Omitted)	PDL Earned Prems. $ (000 Omitted)	PHD Earned Prems. $ (000 Omitted)
Accident & Casualty	8,001,206	4,645,909	58.0	15,057	4,007	1,959	2,033
Aetna Casualty	159,495,735	89,986,371	56.5	12,851,137	85,297	34,778	39,419
Aetna Fire	36,182,042	21,705,485	60.1	2,378,933	18,554	7,035	10,591
Agricultural	4,698,038	2,664,150	56.7	139,975	1,[illegible]39	663	2,294
Albany	356,030	175,251	49.1	—139,124	66	25	264
Alliance, England	1,431,393	682,280	47.7	—516,776	643	208	579
Allstate Fire	6,710,657	2,974,589	44.2	448,933	—	—	6,710
Allstate	425,381,318	227,344,375	53.4	57,571,109	230,888	89,388	105,104
Alpina	117,372	74,323	63.5	24,466	—	—	117
Amco	42,034	30,254	71.9	34,021	13	7	21
American & Foreign	4,130,184	2,349,035	56.6	121,376	2,255	944	930
American Auto	23,879,762	12,095,182	50.4	853,178	10,834	4,898	8,147
American Bankers, Fla.	6,968,929	3,127,682	44.8	177,760	—	—	6,968
American Casualty	15,557,904	9,033,713	58.2	29,278	7,792	3,810	3,954
American Central	3,047,916	1,720,054	56.5	299,767	1,589	640	817
Amer. Colonial, Ark.	325,887	170,078	52.2	72,253	—	—	325
American Empire, S.D.	2,030,656	1,189,060	58.2	126,552	809	421	799
American Employers	20,952,595	12,525,662	59.9	1,937,791	11,100	5,050	4,801
American Equitable	1,474,442	845,491	57.5	155,598	—	—	1,474
American Fid. & Cas.	10,027,448	6,488,173	64.8	—19,622,552	6,328	2,391	1,306
Amer. Fidelity Fire	11,352,404	6,520,130	57.6	4,176,365	720	171	10,461
Amer. F.&C., Fla.	5,223,633	3,021,857	57.8	398,850	2,837	1,400	986
Amer. Fire & Indem.	84,789	48,808	57.6	34,122	—	—	84
American General	6,288,725	3,501,520	55.7	133,988	2,645	1,351	2,292
American Guar. & Liab.	4,299,600	2,387,132	55.5	42,264	2,243	967	1,088
Amer. Guaranty, N.C.	663,953	442,003	66.7	66,770	—	—	663
American Home	6,137,279	3,854,150	62.8	—119,732	2,642	1,287	2,207
Amer. Homeowners, D.C.	28,427	22,025	77.4	—6,247	[illegible]	[illegible]	15
American Indem.	6,496,813	3,329,620	51.1	565,739	2,856	1,528	2,111
American Indep. Re.	1,924,496	1,086,955	56.2	594,101	1,104	304	515
American, N.J.	44,774,556	22,678,466	50.5	1,599,710	20,314	9,184	15,275
Amer. Insurors, Tex.	83,328	50,613	60.7	—19,218	27	21	34
American Liberty	760,727	465,497	61.2	39,362	359	173	227
Amer. Marine & Gen.	41,354	19,856	47.9	—35,850	—	—	41
American Motorists	29,964,957	15,386,488	51.1	1,966,563	16,704	6,446	6,813
Amer. Natl. Fire	1,181,216	622,607	52.7	—104,597	615	245	320
Amer. Policyholders	4,341,430	2,527,754	58.0	241,719	2,626	1,067	647
American Reinsurance	12,509,227	8,879,751	71.0	1,733,989	7,605	4,017	885
American Reliable	463,644	233,676	50.3	133,938	155	78	230
American Road, Mich.	35,387	38,178	108.0	—	—	—	35
American Security, Ga.	9,225,108	5,203,239	56.4	936,491	—	—	9,225
American Southern	2,039,580	1,128,210	55.1	354,584	440	234	1,364
American States	21,511,087	12,241,330	56.6	—100,169	8,542	5,117	7,851
American Surety	23,046,905	12,971,074	56.0	171,441	12,284	5,374	5,387
Amer. Underwrtrs., Ark.	39,795	21,283	53.4	—	17	10	12
American Union, N.Y.	589,213	362,829	62.2	216,948	216	74	297
American Univ., R.I.	2,877,223	1,617,805	56.0	—43,869	1,019	392	1,465
Anchor Casualty	5,732,842	2,884,211	50.2	485,766	2,500	1,209	2,022
Argonaut*	1,634,536	948,626	58.1	400,172	805	422	405
Argonaut Life	18,981	—35,090	—	39,034	9	4	5
Arrow, Minn.	1,091,636	823,947	75.4	298,182	647	334	109
Arrowhead, Cal.	285,361	244,797	85.5	174,903	115	47	122
Assoc. Employers, Tex.	1,674,338	948,425	56.7	677,644	781	401	491
Associated Indemnity	5,969,939	3,023,794	50.6	181,702	2,708	1,224	2,036
Assurance of America	1,427,494	922,133	64.9	238,932	167	70	1,188
Atlantic, Texas	1,698,715	1,004,061	59.1	99,127	642	380	675
Atlantic Natl., Fla.	6,599,224	3,955,137	59.9	1,010,331	4,851	1,187	559
Atlas *	1,068,093	525,763	49.5	—417,366	198	77	792
Audubon, La.	1,718,274	1,034,452	60.2	167,923	289	160	1,268
Auto Club, O.	1,468,641	796,143	54.5	231,100	569	365	533
Automotive, Cal.	506,465	330,417	65.3	121,690	—	—	506
Autoplan, N.Y.	1,501,918	1,073,539	71.4	442,179	764	297	439
Balboa, Cal.	3,231,417	1,471,832	45.5	334,336	244	99	2,887
Balfour-Guthrie	354,329	184,999	51.9	—170,751	—	—	354
Bankers & Shippers	5,169,513	3,062,024	59.3	153,372	1,489	582	3,097
Bankers F. & M.	700,791	327,824	46.7	—144,549	333	174	192
Bankers, Pa.	446,070	193,464	43.2	58,140	—	—	446
Bay State	207,363	103,680	49.8	—3,154	—	—	207
Beacon National	369,445	203,083	55.0	77,946	95	66	207
Beneficial F.&C., Cal.	565,447	244,316	43.2	150,447	232	160	172
Birmingham F. & C.	1,027,947	462,744	45.3	—210,935	356	232	439
Birmingham Fire, Pa.	1,658,901	850,365	51.5	149,589	789	343	525
Bituminous Casualty	5,903,228	3,209,492	54.2	707,570	3,262	1,697	943
Boston	11,787,978	6,690,354	57.2	623,199	5,830	2,387	3,569
British America	622,481	352,881	56.6	74,481	271	116	234
Brit. & For. Marine	2,621,078	1,490,733	56.9	77,027	1,431	599	590
Buckeye Union Cas.	19,806,404	10,527,465	53.0	1,068,410	8,142	5,726	5,937
Buckeye Union Fire	1,192,902	559,719	47.0	80,810	—	—	1,192
Buffalo	1,677,293	837,468	49.9	225,817	856	311	508
Builders & Bankers	72,244	35,961	49.7	7,651	—	—	72
Cal.-Farm	6,480,180	4,087,518	63.0	832,126	2,846	1,282	2,351
Cal. Comp. & Fire	4,943,525	2,141,741	43.3	65,596	2,469	975	1,498
California	1,777,446	1,003,069	56.4	174,360	926	373	476
Calvert Fire	23,034,634	13,904,214	60.4	1,857,291	—	—	23,034
Camden Fire	3,932,212	2,219,513	56.2	35,366	1,094	526	2,312
Canadian Fire	739,471	327,957	44.2	33,564	—	—	739
Canadian Indemnity	1,698,573	786,165	46.5	182,650	1,193	505	—
Canal, S. C.	2,632,994	1,596,870	60.4	290,916	1,659	785	187
Capital F. & C., Ala.	1,447,891	644,440	44.7	—92,191	729	685	32
Capitol Indemnity	1,417,417	688,644	48.8	81,023	500	352	564
Carolina Casualty	5,484,796	3,095,492	56.3	—295,084	2,869	1,521	1,094
Carolina National	440,288	237,624	53.8	176,559	69	40	330
Cascade	3,117,761	1,895,907	60.7	1,195,120	1,395	634	1,087
Casualty of Cal.	1,369,533	964,929	70.9	516,161	707	288	374
Casualty Unds., Minn.	2,863,736	1,669,504	58.0	—194,431	1,328	617	917
Catawba, S. C.	13,244	4,897	37.0	289	—	—	13
Cavalier	3,452,739	2,051,300	59.4	1,300,379	—	—	3,452
Centennial	2,072,532	1,018,672	48.8	269,281	1,291	373	407
Central Casualty, Ill.	793,837	596,311	75.1	—213,163	434	227	132
Central National	10,787,130	6,119,568	57.1	—472,910	1,581	826	8,378
Central Plains	472,072	261,067	55.2	6,565	—	—	472
Central Surety	2,474,129	1,180,674	47.7	—199,672	961	433	1,079
Century	674,749	397,690	58.9	—5,510	264	116	293
Cherokee	1,595,527	839,833	52.8	—108,922	—	—	1,595
Chesapeake	1,048,542	632,272	60.7	172,501	—	—	1,048
Christiania General	281,097	342,298	121.7	—49,514	82	30	168
Cimarron	840,094	432,779	51.4	108,874	312	171	356
Cincinnati	985,458	532,224	54.0	336,166	300	173	511
Citizens Casualty, N.Y.	1,428,836	768,474	54.1	—817,138	904	334	189
Citizens Home, S.C.	540,964	311,389	57.5	211,396	209	120	210
Citizens, N. J.	500,696	268,564	53.6	35,844	—	—	500
Civil Service Employees	7,226,382	4,070,063	56.3	1,002,954	3,351	1,543	2,331
Colonial Assur., Pa.	4,925	1,670	33.9	—36,075	—	—	4
Colonial, Los Angeles	2,558,351	1,544,078	60.4	206,331	1,257	512	788
Colonial Surety	82,754	50,866	61.4	—351,246	—	—	82
Columbia Casualty	3,808,814	2,149,434	56.3	373,627	1,986	800	1,021
Commercial Cas., Tex.	26,240	—4,073	—	—326	—	—	26
Commercial, N. J.	9,468,561	5,886,508	61.1	—1,411,432	4,833	1,922	2,712

	1960 Total Earned Prems. $	1960 Total Incurred Losses $	Loss Ratio %	Incr. or Decr. in Prems. $	BI Earned Prems. $ (000 Omitted)	PDL Earned Prems. $ (000 Omitted)	PHD Earned Prems. $ (000 Omitted)
Commercial, Texas	4,219,612	2,318,079	54.8	418,672	—	—	4,219
Com. Stand. F.&M., Tex.	37,485	14,193	37.6	—	14	6	16
Commercial Standard	4,663,136	2,537,050	54.3	—824,905	1,914	1,139	1,609
Commercial Union Fire	2,031,367	1,146,365	56.2	657,293	1,059	427	545
Comm. Union, England	6,348,026	3,582,392	56.4	622,714	3,310	1,334	1,703
Congressional, D. C.	191,588	105,749	54.9	—	—	—	191
Connecticut Fire	4,063,871	2,425,159	59.5	—705,780	1,820	680	1,562
Connecticut Indemnity	3,572.906	1,501.733	42.0	41 515	2,177	875	519
Consolidated American	710,995	438,389	61.7	129,961	77	43	590
Consolidated, Indiana	596,546	348.335	58.4	189,546	191	89	315
Constellation	10,794	—24,909	—	1,847	—	—	10
Constitution	45,632	29,868	65.4	—446,367	16	5	24
Continental Casualty	55,591,783	35,610,208	64.1	3,918,122	31,378	14,303	9,909
Continental, N. Y.	56,811,376	35,319,056	62.1	28,510,901	29,000	11,533	16,277
Copenhagen Reins.	125,074	67,943	54.3	97,000	—	—	125
Cornbelt	458,469	269,675	58.6	85,647	180	107	170
Cosmopolitan, Ill.	4,311,676	2,337,091	54.0	2,452.237	2,534	796	98
Countryside Cas., Mo.	604,157	398,760	65.8	148,296	238	179	185
Crown, W. Va.	383,904	174,061	45.4	33,941	210	148	24
Dealers Natl., Tex.	839,106	431,457	51.4	25,072	371	217	249
Delta, Tenn.	716,755	404,974	56.4	—907	—	—	716
Dependable, Fla.	679,826	366,609	53.9	—65,477	—	—	679
Dixie Auto	1,671,544	949,002	56.7	256,441	695	422	554
Dixie F. & C.	2,299,802	1,383,188	60 3	—187,632	992	665	642
Dubuque F. & M.	1,024,422	493,609	48.3	—375,105	545	212	266
Eagle Fire, N. J.	242,343	115,122	47.5	—87,657	—	—	242
Eagle Fire, N. Y.	661,305	302,174	45.6	—427,854	243	83	334
Eagle Star	390,664	231,351	59.2	—87,464	166	93	130
Economy F. & C.	7,796,877	3,895,851	49 9	1,155,229	3,470	1,633	2,692
Educators & Exec., O.	717,278	441,075	61.4	347,696	276	138	302
Educators Auto	1,018,951	545,020	53.9	115,087	348	203	466
Emmco	19,650,482	11,167,209	56.6	—48,743	—	—	19,650
Empire F. & M., Neb.	922,851	631,001	68.4	239,960	416	259	245
Employers Cas., Texas	12,178,310	6,106,582	50.4	507,843	5,585	2,778	3,814
Employers Fire	6,624,566	4,333,503	65.4	735,032	2,658	1,222	2,743
Employers Liability	36,916,849	22,767,979	61.4	2,556,986	20,004	9,006	7,905
Employers, Ala.	679,198	222,491	32.6	—188,869	232	164	281
Employers Natl., Dallas	74,783	58,312	78.0	32,648	30	14	30
Employers Reinsurance	12,099,202	4,408,619	36.6	68,535	9,829	534	1,735
Equitable F. & M.	1,137,883	679,044	60.1	—197,619	509	190	437
Estate, Del.	—	37	—	—	—	—	—
Eureka	141,685	58.087	41.0	140,332	68	29	43
Excel, South Bend	360,211	165,976	45.8	51,394	—	—	360
Excelsior, N. Y.	217,093	104,296	47.8	10,627	—	—	217
Exchange Cas. & Sur.	1,592,301	658,237	41.4	657,591	924	488	179
Farm. & Merch., Okla.	260,390	105.925	40.4	—5,244	107	63	89
Farmers Equit., Ill.	1,901,389	1,154,321	60.5	760,135	859	376	665
Federal	24,805,318	12,809,948	51.6	526,000	11,104	3,736	9,964
Fidelity & Casualty	37,874,250	23,546,038	62.1	—39,346,026	19,333	7,688	10,851
Fidelity General, Ill.	478,709	332,197	69.4	377,311	302	97	78
Fidelity, S. C.	139,613	83,933	60.3	92,182	74	38	27
Fidelity-Phenix	13,255,987	8,241,113	62.4	13,208,016	6,766	2,691	3,797
Finance**	68,049	34,573	50.7	33,420	42	25	—
Financial F. & C., Fla.	45,842	40,035	87.4	—	16	9	19
Financial Indem., Cal.	4,798,273	2,034,948	42.4	1,174,228	1,360	563	2,874
Fire & Casualty, Conn.	257,713	72,249	28.1	—77,625	—	—	257
Fire & Casualty, Wis.	528,038	413,895	78.2	208,626	—	—	528
Fireman's Fund	52,068,098	30,089,367	57.6	3,021,645	25,169	10,868	16,030
Firemen's, N.J.	35,033,681	21,780,084	61.0	—12,112,958	17,883	7,112	10,037
Firemen's, D. C.	61,563	31,606	51.3	27,114	—	—	61
First Fidelity, Okla.	265,935	145,820	54.6	40,831	102	58	104
First National, Wash.	163,473	100,097	61.3	—3,904	—	—	163
First of Georgia F.& C.	533,500	253,473	47.4	114,500	3	1	528
Foremost, Grand Rapids	1,784,992	628,364	35.3	—	—	—	1,784
Founders, Cal.	473,805	51,526	10.9	—1,351,518	174	69	229
Freeport	7,579,159	3,946,790	52.0	236,979	3,205	1,655	2,718
French Union	143,366	77,355	54.0	83,095	55	17	69
Frontier, Colo.	491,533	286,189	58.1	—	—	—	491
Gateway, Pa.	548,171	260,027	47.4	215,821	—	—	548
General Accident	44,299,142	26,662,061	60.1	2,968,412	24,446	9,974	9,878
General Cas., Madison	9,972,903	4,979,796	49.8	584,267	4,702	2,025	3,244
General F.&C.	5,200,163	2,381,791	45.7	—3,965,337	3,593	1,117	488
Gen. Guaranty, Fla.	510,097	272,885	53.3	—104,760	280	131	98
General, Fort Worth	1,264,697	829,935	65.7	—391,510	589	266	408
General, Seattle	31,992,266	15,608,509	48.9	—558,677	15,000	7,229	9,762
General Reins.	17,702,684	8,123,653	45.9	1,611,859	10,501	1,718	5,482
General Security	498,995	207,437	41.5	—184,004	177	65	256
Ga. Casualty & Surety	1,157,509	726,320	63.1	—322,226	568	323	265
Gibraltar F.&C., S. C.	68	—444	—	—12,543	—	—	—
Glens Falls	33,457,197	20,048,938	59.9	1,003,867	17,773	6,909	8,774
Globe & Republic	442,333	253,646	57.2	—52,234	—	—	442
Globe Indemnity	18,426,979	10,480,323	56.5	541,523	10,061	4,215	4,150
Globe Security, Ill.	363,009	306,946	84.3	—	208	103	51
Government Employees	59,781,507	32,183,169	53.7	9,166,457	30,262	11,428	18,090
Grange League Fed.	70,013	33,224	47.4	17,013	2	3	63
Great American	38,192,648	20,130,986	53.0	—3,381.990	19,891	7,947	10,353
Great Basin, Nev.	500,825	282,813	56.4	192,347	80	50	369
Great Central, Peoria	283	—	—	—127,824	—	—	—
Great Lakes, Ohio	36,791	19,166	52.0	2,490	—	—	36
Great Northern	4,626,432	2,662,908	57.5	80,849	1,959	883	1,783
Guarantee, Cal.	1,651,094	862,448	52.2	—395,264	790	346	513
Guaranty Natl., Colo.	237,279	92.930	39.2	118,522	55	28	153
Guaranty Sec., Minn.	763,199	478,737	62.7	37,222	307	199	256
Gulf Amer. F.&C.	928,983	479,911	51.6	429,839	365	252	310
Gulf, Texas	9,301,076	5,054,727	54.4	—13,228	3,742	2,016	3,541
Halifax	889,743	532,146	59.8	260,094	441	202	245
Hanover	11,616,363	3,754,286	32.3	472,850	4,805	2,005	4,805
Harbor	1,170,363	292,946	24.9	—129,672	697	287	185
Hartford Accident	141,003,151	80,397,141	57.0	16,047,282	99,198	41,804	—
Hartford Fire	47,190,586	25,312,203	53.7	3,378,246	—	—	47,190
Hawkeye-Security	4,341,711	2,181,326	50.1	91,932	1,643	1,024	1,673
Hercules Cas., Okla.	342,094	184,509	53.7	130,084	127	84	129
Highway, Ill.	766,190	339,861	44.2	307,629	367	212	186
Holland-America	435,267	374,026	85.9	191,947	217	86	131
Home & Automobile	616,902	197,116	31.9	455,445	413	140	62
Home F.&M.	9,533,595	5,509,320	57.8	553,259	4,608	1,990	2,935
Home Indemnity	3,368,033	2,113,459	62.8	—11,889,511	1,526	644	1,197
Home, Hawaii	1,470,793	900,131	61.1	234,398	651	355	463
Home, N. Y.	52,765,893	33,094,012	62.6	21,654,094	23,916	10,090	18,758
Hoosier Casualty	3,563,725	2,113,595	59.2	190,169	1,455	834	1,273
Horizon, Ill.	80,454	45,377	56.4	—	34	15	30
Houston F.&C.	3,158,703	1,638,003	51.6	—769,682	1,424	734	999
Hudson, N. Y.	234,276	153,931	65.4	65,276	92	44	97
Illinois	71,174	35,308	49.6	1,975	3	2	65
Illinois National	5,509,534	2,903,790	52.7	—75,599	2,635	1,300	1,573
Imperial Cas. & Ind.	3,681,052	2,181,789	59.1	1,017,751	2,030	943	707
Imperial, D.C.	601,738	275,907	45.7	—45,366	10	4	587
Indemnity of N.A.	66,600,007	35,207,598	52.9	4,135,749	34,206	14,456	17,937
Independence F.&C., Okla.	60 733	64.032	105.4	—	—	—	59
Indiana	8,569,395	4,659,567	54.3	454,800	3,259	2,168	3,141
Industrial Indem.	5,040,832	3,046,000	60.3	889,158	2,164	997	1,878
Institutional, Ill.	212,289	123,010	57.9	—43.740	—	—	212
North America	2,269,457	1,410,538	62.3	247,514	1.108	231	929
Ins. Co. of Oregon	476,630	285,238	59.8	170,708	237	106	133
State of Pennsylvania	2,045,758	1,283,688	62.7	—39,912	881	429	735
Ins. Co. of St. Louis	1,047,026	547,008	52.5	—11.304	—	—	1,047
Ins. Co. of the South	1,552,977	842,384	54.3	636,002	959	511	81
Ins. Corp. of Amer.	725,401	371,849	51.1	—	357	165	202
Intermount, Cas., Colo.	160,491	82,841	51.6	3,285	—	—	160
International, N. Y.	29,986	28,248	94.4	—	—	—	29
Internatl. Service	7,283,858	4,064,884	55.7	275,396	2,616	1,587	3,079
Inter-Ocean Reins.	381,102	226,630	59.2	206,394	121	51	207
Interstate F.&C, Ill.	2,612,490	1,502,025	57.4	1,166,490	1,537	444	630
Interstate, N. J.	2,921,179	1,649,529	56.1	54,915	—	—	2,921

(CONTINUED ON PAGE 37)

Mutual Insurers Near $2 Billion; State Farm Writes 25% Of Total

Mutual insurance companies in 1960 had earned automobile insurance premiums of $1,780,156,597, an amount equal to 28.5% of all auto insurance written in the U. S. The percentage compares with 28.3% in 1959.

Once again the loss ratio showed an improvement, coming to 56.5% on incurred losses of $1,005,635,078, which compares with a ratio of 57.8% on incurred losses of $951,719,515 in 1959, and a ratio of 58.1 in 1958 and 59.1 in 1957.

The earned premiums were comprised $851,390,000 of BI, $374,269 of PDL, and $554,339,000 of PHD.

The rate of increase in auto premiums tapered off last year. The 8% gain in 1960 compares with 11.8% in 1959, but the mutual companies had a higher percentage gain than the stock insurers and consequently were able to increase by a slight amount their share of the total market.

Majority Of Mutual Business

Among the mutual companies, the 10 largest writers of auto business do a commanding amount of business. In 1960 they wrote 56.5% of all the mutual auto insurance business, and one company alone, State Farm Mutual Auto, the world's largest auto insurer, wrote 25.5% of all the mutual company premiums and 7.3% of all auto business written by all types of companies.

There are just two changes in the standings of the top 10 mutual auto writers—Utica Mutual and State Auto of Ohio traded places, and Farmers Mutual Auto of Madison moved into 10th spot in place of Employers Mutual Casualty of Des Moines.

State Farm's leadership over the second company, Nationwide Mutual is nearly $300 million, the difference of $295.1 million being $16.4 million more than in 1959, although in 1960 Nationwide Mutual showed a 13.9% increase in premiums while State Farm had an 8.3% gain. The difference is in the base on which the percentages are predicated.

Making $20 Million Jumps

Nationwide Mutual is making $20 million or larger jumps toward the $200 million mark in auto premiums. It is writing three times as much business as in 1950 and has widened its margin over third place Liberty Mutual to $42 million, while Liberty Mutual, with a $12.5 million premium increase, boosted its lead over Lumbermens Mutual Casualty from $30 million in 1959 to $38 million in 1960. And Lumbermens Mutual carried on the same process by increasing its lead over Hardware Mutual Casualty from $32 million to $40 million so that each of the first four companies lost ground to the company preceding it but increased its margin on the one behind.

Hardware Mutual Casualty was the only one of the first 10 mutual insurers to show a reduction in premium volume, going from $44.9 million to $39.5 million, but this cost it nothing in the standing because it had a substantial lead over the sixth place insurer, which in 1959 was State Auto of Ohio but last year was Utica Mutual. State Auto is just $1.1 million out of sixth place, and it is being challenged, in turn, for seventh position by Auto-Owners, which is just $1.8 million behind.

TEN LEADING MUTUAL COMPANIES

	1960 Earned Prems. $	1959 Earned Prems. $	% of Incr.	1958 Earned Prems. $	1957 Earned Prems. $	1950 Earned Prems. $
1. State Farm Mutual	455,659,950	419,740,013	8.3	369,825,790	318,093,356	95,510,851
2. Nationwide	160,548,880	140,956,126	13.9	123,208,633	110,301,788	50,620,243
3. Liberty Mutual	118,743,942	106,245,294	11.7	91,269,138	78,318,639	38,781,261
4. Lumbermens Mut. Cas.	79,949,001	76,238,352	4.9	72,065,868	70,088,014	50,077,298
5. Hardware Mut. Cas.	39,554,622	44,971,599	—12.1	41,745,456	39,259,622	21,490,871
6. Utica Mutual	29,687,070	26,284,314	13.0	23,121,488	20,391,811	9,357,571
7. State Auto, Ohio	28,587,570	27,216,837	5.0	25,949,890	24,115,345	12,724,838
8. Auto-Owners	26,711,276	25,268,589	5.7	23,117,001	19,588,170	9,102,018
9. Northwestern Mutual	24,914,634	24,399,013	2.1	21,994,339	19,083,331	——
10. Fmrs. Mut. Auto, Wis.	24,198,615	22,529,616	7.4	20,942,947	19,288,249	9,893,501

Northwestern Mutual tapered off its auto writings to a 2.1% increase, and it now is $1.8 million back of Auto-Owners.

Farmers Mutual Auto of Madison, boosting its volume 7.4%, is now just $800,000 out of ninth place among mutual companies and is proceeding steadily to challenge for a permanent position in the Big 10.

Big Year For State Farm

Introduction of a standard risk auto insurance program, addition of two affiliates to the group and entry into major nighttime television advertising highlighted 1960 operations of the State Farm companies.

State Farm Mutual, parent of the five-company group, brought its auto policy count above the six million mark, an industry first, and increased its share of the U.S. private passenger car insurance market to more than 12%. At year-end, State Farm policies covered 6,036,782 U.S. and Canadian vehicles. Total policy count at 1960's close, including general liability, was 6,161,433.

The standard risk program, introduced in California in July, is written through State Farm Fire & Casualty. It is now available in 36 states. The program was developed to make voluntary insurance available to deserving drivers who might have difficulty getting protection other than as assigned risks. In addition to offering full coverage protection to such drivers, the standard risk program also offers collision, comprehensive and medical pay to eligible drivers already in assigned risk plans.

During 1960, the standard program added $1,141,817 to State Farm Fire & Casualty's direct written premium total.

Offered In Texas

In Texas, the standard program is offered through State Farm County Mutual of Texas—one of the two new State Farm group members. Formerly a San Antonio company, it came under joint management in late 1960 when State Farm Mutual contributed $1 million to surplus. Because of its county mutual status, it is exempt from the Texas uniform rate laws.

The other new affiliate, State Farm Assurance, was formed in mid-year to write life insurance where State Farm Life was not doing business. Both new companies are wholly-owned affiliates of State Farm Mutual.

The Jack Benny Show, which State Farm sponsors jointly with Lever Brothers, marked the first enty by an auto insurance company into prime, Sunday night television advertising time. Seen in more than 12 million homes weekly, it is State Farm's major advertising vehicle although magazine, billboard, and cooperative newspaper and radio advertising continue to hold important roles in the companies' marketing program.

Assets climbed 12.6% to $639,558,318 and direct written premiums, including membership fees, were up 6.2% to $464,763,656. Net earned premiums, including membership fees and reinsurance, totaled $469,117,621.

List Other Key Figures

Other key figures for State Farm Mutual in 1960 included an underwriting gain of $55,711,235 ($13,853,211 of which was transferred to special reserves after adjusting the unallocated loss expense reserves formula to the industry's standard basis); investment gain of $19,794,536; policyholder surplus was increased by $50,613,018 to $206,732,643; and loss and expense reserves totaled $210,013,318.

In addition to taking on the new standard risk auto insurance line, State Farm Fire & Casualty also celebrated its biggest year in history. Riding a homeowners volume gain of 76%, it reached $42,145,243 in direct premiums written, a 24.5% increase.

The other wholly-owned affiliate, State Farm Life, passed two major milestones in 1960. The $1½ billion ordinary life in force mark was surpassed early in the year and reached $1,633,177,791 at year's end. Assets were $212,599,038. Premium income climbed 9.4% to $40,366,382 and the company ranked in the top 4% of the industry on the basis of ordinary insurance in force at the close of the year.

State Farm's management decentralization program was extended with the Newark, O., Birmingham, Ala., Jacksonville, Fla., and Dallas offices converting to that system in 1960. The Columbia, Mo., and Toronto, Ont., Canada, offices went under the plan early in 1961 and all regional offices will be functioning under the plan by 1962.

Four New Licenses

State Farm Mutual was licensed in Alaska, Hawaii, British Columbia and Alberta during the year. Two new regional offices, at West Lafayette, Ind., and Wayne, N.J., were started, bringing the total to 18. They'll be in operation by the end of this year.

Already the largest decentralized user of IBM data processing equipment in the insurance industry, State Farm began expansion plans in this field, too, in 1960. By conversion to a larger system, the IBM 1400 series, the company plans to keep its electronics system in pace with anticipated growth.

State Farm claim service was expanded during the year with 28 new claim offices opened, taking the total to 588 across the country and in Canada. These offices, manned by a claims force of 3,998 people, settled a record 2,157,390 claims during the year—representing payments of $243,829,851.

There were 15,945 BI lawsuits closed during the year—with only 19% reaching trial. Of those reaching trial, State Farm won 81% (a suit is considered won if the verdict is for the defendant or if the award to the plaintiff is no larger than the last pre-trial offer).

The State Farm home office claim school stepped up its educational program during the year, graduating 583 men from 21 different classes. Another 370 claims men studied at Vale Technical Institute, Blairsville, Pa.

Mutual Auto Results By Company

	1960 — Total — Earned Prems. $	Incurred Losses $	Loss Ratio %	Incr. or Decr. in Prems. $	BI Earned Prems. $ (000 Omitted)	PDL Earned Prems. $ (000 Omitted)	PHD Earned Prems. $ (000 Omitted)
Abington Mutual	378,839	164,914	42.9	10,759	——	——	378
Ala. Farm Bur. Mut. Cas.	5,774,274	3,579,848	62.0	2,173,995	2,070	1,263	2,439
Alliance Mut. Cas.	5,312,414	2,815,035	52.9	818,720	1,796	1,085	2,430
Allied Am. Mutual	4,347,100	2,480,209	56.8	77,343	1,570	576	2,199
Allied Mut. Cas., Ia.	9,952,837	5,579,776	56.0	674,725	3,594	2,295	4,063
Amal. Mut. Auto Cas.	1,229,710	578,869	47.2	199,573	998	204	26
Amer. Agricul. Mut.	1,763,215	1,763,268	100.0	204,012	1,637	125	——
Amer. Farm. Mut. Cas.	190,003	49,509	25.0	—12,358	56	62	70
Am. Fellowship, Mich.	1,533,662	936,389	61.0	4,662	432	395	705
Am. Hardware, Minn.	9,145,336	5,187,394	56.6	—1,565,881	4,515	2,022	2,606
Am. Mfrs. Mutual	2,545,961	1,318,455	51.5	161,683	823	297	1,425
Am. Mut. Fire, S. C.	844,458	474,035	56.2	—206,206	276	163	405
Amer. Mut. Liab.	20,880,415	13,570,383	65.0	1,619,263	12,524	5,271	3,083
Apex Mut., Chicago	2,373,279	1,228,478	51.4	1,173,654	1,323	554	494
Atlantic Mut., N. Y.	6,117,598	3,056,016	50.0	707,846	3,875	1,119	1,222
Atlant. Mut. Fire, Ga.	42,995	9,087	21.2	—3,121	——	——	42
Attleboro Mut. Fire	97,283	48,822	50.2	1,585	——	——	97
Auto Mutual, R. I.	2,515,610	814,335	32.2	54,691	——	——	2,515
Auto-Owners, Mich.	26,711,276	17,384,380	64.9	1,442,687	10,700	6,296	9,713
Badger Mut., Wis.	1,653,547	1,058,846	63.6	143,227	780	329	543
Badger State Cas.	1,380,002	756,133	54.7	42,916	644	287	448
Bankers Mut., D.C.	1,064,304	306,438	28.9	——	——	——	1,064
Bankers Mut., Pa.	587,688	252,372	43.0	506,630	263	152	171
Beacon Mut. Indem.	3,965,192	1,948,979	49.0	47,009	1,659	1,013	1,391
Berkshire Mut. Fire	1,566,716	856,684	54.7	334,412	——	——	1,566
Boston Mfrs. Mut.	236,884	49,734	21.0	—51,619	——	150	86
Burlington Mut. Fire	121,130	52,543	43.4	—23,056	——	——	121
Cadillac Mut., Detroit	374,756	193,550	51.5	—66,719	129	149	95
Cambridge Mut. Fire	616,688	302,276	49.1	95,396	——	——	616
Capital Mut., Neb.	744,783	388,283	52.1	110,618	255	172	316
Celina Mutual, O.	9,030,255	5,104,795	56.5	1,869,434	4,236	2,415	2,378
Central Mut. Cas., Mo.	1,332,825	716,840	54.0	—467,089	544	281	506
Central Mut., Van Wert	7,161,068	3,069,972	42.7	432,075	2,865	1,391	2,904
Central Sec. Mut., Ill.	567,312	253,050	44.7	——	296	100	170

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PHD Earned Prems. $
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170

ST. LOUIS WOMAN TICKLED WITH TWISTED BUMPER

Not long ago she saved $27 by insuring her car with State Farm. "Fine, Alice," said her hairdresser, "but are they good about paying claims?" So she's been a little nervous about it. Now her claim's been paid so fast and fairly she knows she got a real bargain in every way. She's quite tickled now.

(CONTINUED NEXT PAGE)

TULSA TYCOON PLEASED WITH RUINED RADIATOR

He, too, saved money by insuring with State Farm. And now he's delighted with the way they handled that little accident of his. Yes, State Farm agents are well schooled in the art of claim handling. They settle 90% of property damage claims within 48 hours of proof of loss! And 98% of our claimants responding to a survey report complete satisfaction!

(CONTINUED NEXT PAGE)

TACOMA MAN HAPPY WITH SMASHED DOOR

He, too, was bowled over by the speedy claim service. But it's not unusual. State Farm has more full-time agents and salaried claims men than any other company, to give you *hometown service* wherever you go. Every day our local people handle over 1000 claims for policyholders passing through while traveling away from their homes.

(CONCLUDED NEXT PAGE)

1960 Auto Experience Of Stock Insurers Is Detailed By Company

(CONTINUED FROM PAGE 31)

	1960 Total Earned Prems. $	1960 Total Incurred Losses $	Loss Ratio %	Incr. or Decr. in Prems. $	BI Earned Prems. $ (000 Omitted)	PDL Earned Prems. $ (000 Omitted)	PHD Earned Prems. $ (000 Omitted)
Island, Hawaii	866,722	521,504	60.1	.12,722	355	213	297
Jefferson, Ark.	772,522	379,516	49.0	—	772	—	—
Jefferson, N. Y.	400,477	192,173	47.9	6,899	—	—	400
Jersey	3,302,744	1,956,294	59.1	97,989	951	371	1,978
Kansas City F.&M.	2,205,109	1,367,301	61.8	—170,886	144	67	1,992
Keystone, Phila.	14,563,702	7,387,650	50.9	1,267,312	6,865	3,300	4,396
Lafayette	93,247	45,067	48.3	4,183	—	—	93
LaSalle Casualty	1,753,751	833,077	47.6	65,271	1,123	394	236
Lexington	260	1,534	558.2	—2,962	—	—	—
L.&L.&G.	9,054,636	5,149,812	56.8	266,094	4,943	2,071	2,039
Liberty, Tex.	2,286,810	1,085,972	47.3	—58,591	897	533	856
Liberty Natl., Idaho	625,960	342,622	54.2	263,960	204	169	251
Lincoln Casualty, Ill.	1,965,385	1,470,636	75.0	361,763	1,134	533	297
London & Lancashire	3,218,352	1,787,103	55.4	142,824	1,665	663	889
London Assur.	4,608,038	2,937,266	63.6	1,048,761	2,197	892	1,518
London Guarantee	12,626,735	7,805,825	61.9	524,563	6,565	2,868	3,192
Loyal Auto, Cal.	1,141,505	414,124	36.3	—63	—	—	1,141
Lumbermen's, Tex.	134,473	51,429	38.3	—	73	35	25
Maine Bonding & Cas.	2,216,180	1,132,284	51.1	—96,237	1,012	667	536
Manchester Ins. & Ind.	623,313	372,119	59.6	466,117	250	89	283
Manchester, N. H.	481,576	312,257	64.8	17,779	—	—	481
Manhattan Cas.	5,275,234	2,999,988	56.6	1,047,282	4,325	950	—
Manhattan F.&M.	1,974,873	1,258,827	63.4	449,468	941	382	650
Marathon, Cal.	5,002,411	3,206,247	64.0	3,548,950	—	—	5,002
Marine, England	1,431,333	738,547	51.6	39,780	643	208	579
Maritime	117,373	74,318	63.5	24,467	—	—	117
Marquette Cas.	1,135,530	579,004	51.2	272,582	464	273	397
Maryland Cas.	59,415,448	33,622,866	56.5	—220,610	32,171	14,606	12,637
Maryland National	29,886	23,742	79.5	—163,785	15	5	8
Mass. Bay	519,792	352,043	67.8	317,563	247	95	177
Mass. Bonding	19,132,264	10,311,042	53.8	542,140	11,534	4,503	3,094
Mayflower	1,564,283	873,623	55.9	1,245,070	610	367	586
Members, Cal.	1,109,269	747,786	67.8	77,144	548	215	345
Merchants & Mfrs.	294,888	169,099	57.4	—34,823	—	—	294
Merchants Fire, N. Y.	8,521,022	4,729,518	55.4	—171,955	4,088	1,793	2,639
Merchants Indem.	2,130,254	1,182,379	55.4	—42,990	1,022	448	659
Meritplan, Cal.	1,937,541	1,009,050	51.8	232,185	885	408	644
Metropolitan Fire	71,297	44,539	62.5	40,367	—	—	71
Michigan Surety	263,353	56,782	21.6	—	55	20	187
Mid-Century, Cal.	1,452,698	765,600	52.7	1,452,698	731	304	416
Mid-Continent Cas.	3,932,364	2,253,908	57.2	555,728	1,756	909	1,266
Midland Empire	322,278	197,036	61.1	19,835	7	4	310
Midland Natl.	1,416,662	839,916	59.5	379,547	831	393	191
Mid-States	4,052,830	2,360,183	58.1	226,572	—	—	4,052
Midwestern Indem.	1,124,813	634,237	56.6	49,967	427	268	428
Midwestern F.&M.	1,047,026	547,008	52.5	—11,304	—	—	1,047
Midwestern, Tulsa	173,593	70,617	40.8	—3,496	71	42	59
Millers National	183,203	90,794	49.5	5,104	9	6	167
Milwaukee	9,468,561	5,886,508	62.2	—1,411,432	4,833	1,922	2,712
Minnehoma	2,076,792	1,327,820	63.7	283,838	323	220	1,532
Mission†	4,558,951	2,252,225	49.4	2,622,672	2,088	858	1,611
Monarch	2,998,484	1,585,132	52.8	871,621	905	326	1,767
Monticello	89,105	73,288	82.1	48,541	20	10	57
Motor Club F.&C., N. J.	1,759,860	866,837	49.3	1,060,855	942	395	421
Motor Club of Amer., N. J.	3,765,370	1,659,542	43.6	—809,913	1,775	767	1,222
Motor Vehicle Cas.	5,633,446	2,967,157	52.6	207,241	2,549	1,171	1,912
Motors	171,993,497	105,765,720	61.4	10,215,202	—	—	171,993
Mount Beacon	774,795	482,812	62.3	51,974	—	—	774
Munich Re.	1,745,419	1,052,791	60.4	387,389	972	603	170
Natl. Auto & Cas., Cal.	2,976,028	1,352,130	45.4	—1,522,905	1,414	684	877
National Auto, Ga.	822,165	476,188	57.9	33,136	—	—	822
Natl.-Ben Franklin	2,840,567	1,765,951	62.0	—786,098	1,450	576	813
National Casualty	2,950,326	1,701,129	57.6	1,374,637	1,287	959	703
Natl. Fmrs. Un. P.&C.	6,013,974	2,555,434	42.4	—1,810,243	1,875	1,141	2,996
National Fidelity	1,735,162	1,041,106	60.1	64,724	914	383	437
National F.&M., Neb.	552,290	211,928	38.2	374,014	343	138	69
National Fire	3,875,506	1,952,849	50.4	618,314	124	36	3,714
National Indem., Neb.	6,902,959	3,739,397	54.0	626,035	3,722	1,818	1,361
National Security F.&C.	4,859	1,309	26.8	—	—	—	4
National Service Fire	722,576	236,463	32.7	643,331	—	—	722
National Standard, Tex.	—	—2,723	—	—71,632	—	—	—
National Surety	11,733,655	6,780,701	57.9	680,933	5,671	2,449	3,612
National Union Fire	13,271,212	6,802,933	51.5	1,196,713	6,318	2,746	4,206
National Union Indem.	1,658,901	850,365	51.5	149,589	789	343	525
Nationwide General	2,408,135	1,817,897	75.4	1,451,517	1,197	608	601
Netherlands	943,755	563,536	59.7	—62,600	613	204	125
New Amst. Cas.	27,140,340	15,413,038	56.8	—354,339	15,154	6,722	5,263
New England	1,274,339	758,301	59.6	82,883	571	212	489
New Hampshire	14,219,374	9,298,810	65.4	462,935	6,421	2,766	5,031
N. J. Mfrs. Indem.	12,873,676	6,528,536	50.9	2,531,846	6,097	3,159	3,616
New Rotterdam	98,999	64,049	64.7	44,716	40	22	35
New South, N. C.	1,953,913	1,128,763	57.3	310,843	—	—	1,953
N. Y. F.&M. Unds.	70,304	73,891	104.9	48,304	—	—	70
New York Fire	540,629	310,013	57.3	—63,841	—	—	540
N. Y. Underwriters	2,002,783	1,074,257	53.9	143,373	—	—	2,002
New Zealand	1,037,814	525,879	50.9	—41,694	479	206	351
Newark	5,321,583	3,026,644	56.8	156,388	2,905	1,217	1,198
Newfoundland Am.	1,808,636	1,148,594	63.4	122,627	819	370	618
Niagara	19,883,981	12,361,668	62.1	16,876,088	10,150	4,036	5,696
Nordisk Re., N. Y.	2,046	1,797	87.7	—359	—	—	2
North Amer. Re.	6,948,046	5,360,901	77.1	—1,210,310	4,867	1,256	824
North British	2,474,129	1,180,674	47.7	—199,672	961	433	1,079
North Pacific	487,056	303,312	62.0	225,262	244	100	143
North River	6,465,846	3,736,613	57.6	990,731	2,782	1,252	2,431
North Star Re., N. Y.	2,800	1	—	—	2	—	—
Northeastern	4,852,946	2,436,296	50.1	399,648	1,698	1,045	2,108
Northern, London	694,219	501,392	72.1	—337,712	208	87	397
Northern, N. Y.	9,289,167	5,625,525	60.5	150,696	2,300	971	6,017
Northern Security	76,148	43,769	57.4	6,781	—	—	76
Northland	4,913,678	2,891,730	58.8	1,082,094	—	—	4,913
Northwestern Natl. Cas.	9,009,067	5,700,873	63.3	92,961	6,359	2,649	—
Northwestern Natl.	4,274,499	2,120,107	49.6	67,306	—	—	4,274
Norwich Union Fire	662,865	408,181	61.6	—344,763	243	83	334
Ocean Accident	6,349,829	3,583,465	56.5	624,517	3,312	1,334	1,703
Ohio Casualty	48,901,012	25,828,570	52.6	726,397	21,689	11,842	15,368
Ohio Farmers	6,765,607	3,298,045	48.6	—275,314	2,977	1,570	2,217
Ohio	551,969	310,383	56.2	—195,947	259	122	169
Ohio Security	518,140	314,778	60.5	164,267	176	145	196
Old Colony	5,051,990	2,867,293	56.6	247,084	2,498	1,023	1,529
Old Republic	2,247,827	1,260,077	56.2	682,108	1,206	668	372
Olympic, Cal.	5,848,702	3,533,798	63.6	—3,046,825	921	514	4,112
Oregon Auto	4,989,020	2,647,521	52.9	311,819	2,402	1,061	1,524
Ore. Farm Bureau	697,424	395,948	56.6	34,446	301	146	249
Pacific Auto	6,559,706	3,453,458	52.6	533,159	3,317	1,402	1,839
Pacific Coast Fire	143,128	84,358	58.9	—26,937	56	24	62
Pacific Employers	7,125,909	3,449,043	48.3	660,126	3,701	1,569	1,855
Pacific Indem.	19,495,721	10,393,232	53.1	672,295	9,588	4,332	5,574
Pacific, Hawaii	2,466,312	1,551,032	63.0	242,284	1,048	595	822
Pacific, New York	5,887,503	3,487,306	59.1	174,677	1,696	663	3,527
Pacific Natl. Fire	4,942,855	2,878,825	58.0	—366,628	2,347	1,116	1,478
Palatine	1,016,071	573,353	56.7	100,022	529	213	272
Palmyra General	190,894	97,488	51.2	91,077	—	—	190
Pan American F.&C.	1,715,099	589,629	34.4	—84,261	735	438	541
Pan American	1,122,943	467,958	41.6	—137,965	476	259	387
La Paternelle	1,832	2,748	149.7	—1,271	—	—	1
Pearl	636,041	336,237	52.9	—1,490,822	192	69	374
Peerless	8,493,789	4,852,138	57.1	—563,410	5,521	1,840	1,131
Pennsylvania Gen.	6,430,519	3,870,299	60.2	430,899	3,548	1,447	1,433
Pennsylvania	3,011,983	1,437,345	47.4	—243,078	1,170	527	1,313
Pa. Mfrs. Assn. Cas.	5,818,948	2,752,578	47.3	725,546	3,141	1,961	716
Peoples Indem., Ark.	405,886	182,771	44.9	36,126	170	92	143
Phoenix, N.Y.	8,417,823	5,203,881	61.8	349,709	4,376	1,912	2,128
Phoenix, Conn.	11,053,732	6,596,435	59.8	—1,919,719	4,951	1,851	4,250
Pioneer Casualty	2,062,066	1,234,291	59.7	631,550	1,143	691	226
Pioneer, Ill.	108,568	89,333	82.6	—	51	21	36
Potomac	20,720,565	12,470,961	59.9	1,388,450	11,434	4,665	4,620
Preferred Fire, Kan.	620,425	300,470	48.4	—52,402	195	80	344
Preferred, Mich.	3,009,393	1,517,840	50.2	—480,845	1,415	960	632
Preferred Risk	918,981	483,022	52.6	174,977	366	188	364
Premier	5,963,684	3,766,691	63.0	508,249	—	—	5,963
Progressive Cas.	2,335,864	1,029,297	43.8	847,640	208	81	2,046
Protective Cas.	1,951,898	1,118,741	57.0	191,110	—	—	1,951
Protective F.&C.	385,336	194,930	50.3	6,512	109	66	208
Protective, Indiana	1,163,313	664,526	57.3	471,313	541	240	381
Protective Natl., Neb.	1,688,566	1,139,890	67.2	—	—	—	1,688
Providence, Wash.	5,657,771	3,502,905	62.0	134,372	3,036	1,158	1,463
Quaker City	219,716	137,638	62.5	—110,669	—	—	219
Queen	13,502,527	7,679,545	56.8	396,805	7,372	3,088	3,041
Reins. Corp., N.Y.	1,583,530	1,059,311	66.5	—622,099	548	461	573
Reliable	300,007	159,122	53.0	99,770	31	4	264
Reliance	9,810,907	4,957,685	50.4	—980,203	3,333	1,495	4,981
Reliance Marine	117,373	74,318	63.5	24,467	—	—	117
Republic Franklin, O.	1,824,571	824,138	45.2	431,693	710	470	643
Republic Indem., Ariz.	1,759,803	836,754	47.4	—98,789	914	386	458
Reserve, Ill.	8,178,539	4,055,825	49.5	2,655,370	2,731	1,278	4,169
Resolute	11,717,066	6,346,487	54.1	844,979	—	204	11,512
Riverside, Ark.	1,433,765	859,584	60.0	789,559	479	308	645
Rocky Mountain F.&C.	1,438,680	814,807	56.9	628,680	624	376	438
Royal Indem.	14,376,221	8,176,457	57.0	422,481	7,849	3,288	3,237
Royal	10,404,889	5,917,766	56.8	305,774	5,681	2,380	2,343
Royal Standard, Ark.	126,710	65,353	51.8	94,568	38	25	62
Safeco	39,279,908	19,627,711	50.0	4,600,636	18,463	7,570	13,245
Safeguard	6,973,101	3,872,060	55.6	514,491	3,607	1,438	1,926
St. Louis F.&M.	2,094,052	1,094,017	52.1	—22,607	—	—	2,094
St. Paul F.&M.	48,505,645	27,561,531	56.6	3,305,512	21,013	10,375	17,117
St. Paul Mercury	5,389,516	3,062,392	56.9	367,279	2,334	1,152	1,901
San Jacinto	1,056	—1,226	—	—177	—	—	1
Scottish Union	1,031,121	634,949	61.5	339,771	379	130	520
Sea	858,752	443,453	51.7	23,821	386	124	347
Seaboard F.&M.	1,136,226	706,380	62.5	818,408	576	230	329
Seaboard Surety	372,781	182,372	48.9	84,124	178	84	190
Secured	2,151,513	1,206,939	55.8	173,028	740	483	927
Security F.&I., N.C.††	2,316,595	1,223,301	52.8	174,280	253	145	1,917
Security, New Haven	2,576,648	1,182,609	45.9	50,694	727	291	1,558
Security, W. Va.	90,337	78,899	87.3	2,208	—	—	90

(CONTINUED ON NEXT PAGE)

	1960 Total Earned Prems. $	Total Incurred Losses $	Loss Ratio %	Incr. or Decr. in Prems. $	BI Earned Prems. $ (000 Omitted)	PDL Earned Prems. $ (000 Omitted)	PHD Earned Prems. $ (000 Omitted)
Security Natl., Dallas	66,122	27,567	41.5	—54,753	22	13	29
Selected Risks, N.J.	10,025,062	5,330,033	53.3	842,144	4,921	2,532	2,571
Selective, O.	2,105,542	1,127,626	53.4	332,071	1,113	556	436
Sequoia	1,422,157	708,774	49.8	—167,667	727	276	418
Service Casualty	11,575,101	6,365,305	55.2	944,418	——	——	11,575
Service Fire	27,268,924	14,817,705	54.4	—1,038,108	——	——	27,268
Shamrock Casualty	14,656	5,064	34.6	656	—1	——	15
South Carolina	1,476,726	788,068	53.1	2,383	120	62	1,293
South State	662,620	379,240	57.3	22,403	——	——	662
Southeastern Fid. Fire	191,519	94,226	49.3	79,439	32	21	137
Southeastern Fire	2,992,418	1,418,354	47.1	—263,143	122	76	2,793
Southern American	120,655	55,495	46.1	5,129	——	——	120
Southern Farm Bur. Cas.	18,884,463	10,404,980	55.4	157,391	9,310	3,800	5,774
Southern F.&C.	1,369,038	614,574	45.1	—347,897	612	316	439
Southern General	3,445,946	1,993,486	57.9	2,242,934	1,218	727	1,500
Southern Grange, Ark.	17,861	3,872	21.7	———	8	2	7
So. Home, S.C.	3,038,597	1,875,590	62.1	365,305	1,321	818	899
Southern, Texas	2,987,527	1,642,956	55.0	391,143	——	——	2,987
Southwest Casualty	263,418	129,011	49.0	—3,992	104	52	106
Southwest Gen.	413,064	—21,301	—	274,403	139	44	229
Southwest Unds.	41,243	17,229	41.7	6,349	——	——	41
Sw. F.&C., Tex.	1,271,087	849,124	66.8	—136,447	484	302	484
Southwestern Ind., Tex.	414,382	240,550	57.9	—197,352	114	80	219
Southwestern	1,479,447	809,639	55.0	229,404	29	17	1,432
Springfield F.&M.	11,469,049	6,824,706	59.9	700,948	5,147	1,915	4,406
Standard Accident	32,814,557	17,843,278	54.2	1,689,774	20,131	6,580	6,102
Standard Cas., Tex.	1,473,234	712,805	48.4	117,037	——	——	1,473
Standard Fire, Ala.	81,486	41,715	51.2	—12,063	——	——	81
Standard Fire, N.J.	144,463	94,351	65.5	23,519	——	——	144
Standard, Tulsa	3,464,721	2,463,703	71.0	319,142	1,447	748	1,268
Standard Marine	599,272	328,448	54.7	—244,542	277	110	211
Standard National	106,491	24,623	23.2	—112,662	48	24	33
State Capital	313,045	221,073	70.5	—57,410	79	41	192
State F.&C.	74,331	49,330	66.4	36,081	——	——	74
State Security, Ill.	214,875	140,066	65.4	124,265	82	50	81
State-Security, Pa.	101,071	61,578	61.5	54,827	——	——	101
State Wide, N.Y.	1,595,404	780,393	49.0	518,134	1,207	304	83
Stone Mountain, S.C.	590,207	367,711	62.1	———	——	——	590
Stonewall, Ala.	64,853	25,646	39.5	—9,147	——	——	64
Stuyvesant	15,872,543	8,384,669	53.0	6,045,794	5,795	1,958	8,118
Suburban Cas., Ill.	2,001,588	930,915	46.5	13,002	948	418	634
Sun, London	3,990,860	2,224,330	55.6	139,238	1,775	620	1,595
Sun, N.Y.	3,990,860	2,224,330	55.6	139,238	1,775	620	1,595
Superior Auto, S.C.		Figures	not available				
Superior, Dallas	4,995,462	2,632,158	52.6	52,680	1,828	1,066	2,100
Superior Risk, Ohio	6,765,607	3,298,045	48.6	—275,393	2,977	1,570	2,217
Swiss National	213,476	78,107	36.7	14,688	21	7	183
Swiss Reinsurance	8,492,057	6,552,215	77.1	—1,479,267	5,948	1,535	1,008
Switzerland Gen.	53,632	20,846	38.8	—153,835	——	——	53
Telco, Ga.	79,957	49,637	62.0	———	26	15	38
Texas Casualty	1,165,292	545,311	47.0	25,836	436	280	448
Textile, N.C.	1,007,934	718,306	71.8	106,377	555	325	127
Thames & Mersey	1,588,534	903,472	57.1	46,684	867	363	357
Thomas Jefferson, Ky.	59,623	15,957	26.7	———	——	——	59
Thurston Natl., Okla.§	432,428	233,407	53.9	64,447	133	80	218
Title Ins. & Guaranty	346,630	192,123	55.4	———	17	9	319
Tokio Marine & Fire	117,269	74,479	63.6	25,318	——	——	117
Town & Country	123,437	85,466	69.5	15,530	43	21	58
Traders & General	4,114,172	2,073,838	50.4	253,744	1,566	985	1,561
Transatlantic Reins.	274,648	130,499	47.4	—7,148	6	——	267
Transcontinental	683,911	344,620	50.4	109,113	21	6	655
Transit Casualty	9,271,920	5,272,508	56.9	1,480,045	7,558	1,507	205
Transnational, Cal.	1,055,085	399,254	37.9	———	——	——	1,055
Transport Indem.	8,054,470	4,873,078	60.5	1,824,329	4,762	2,477	814
Transport, Dallas	5,384,668	2,653,765	49.2	97,137	3,047	1,589	748
Travelers Indemn.	174,003,961	96,276,640	55.3	—12,829,329	53,859	57,888	62,256
Travelers	90,717,413	59,455,072	65.5	24,530,732	90,717	——	——
Trinity Universal	13,669,228	6,775,914	49.8	543,436	5,889	2,935	4,844
Tri-State	1,301,947	529,626	40.7	—126,424	536	317	448
Twin City Fire, Minn.	375,522	201,424	53.6	26,883	——	——	375
Twin States, N.C.	1,929,499	1,118,961	57.8	106,071	——	——	1,929
Underwriters, Chicago	10,556	5,206	49.5	—15,019	——	——	10
Union & Phenix Espanol	114,008	50,512	44.3	104,889	40	31	42
Union, England	1,015,972	573,353	56.8	99,923	529	213	272
Union of America	——	—277	—	—7,261	——	——	——
Union Reins.	85,474	14,298	16.6	7,382	30	5	49
United Benefit Fire	1,269,799	813,959	64.5	—18,999	615	299	355
United F.&C., Ia.	2,647,309	1,305,791	49.2	354,873	1,011	630	1,005
United Pacific	11,122,217	5,546,270	49.9	722,425	5,409	2,430	3,282
United Sec., Des Moines	6,100,033	3,666,956	56.9	729,437	566	315	5,217
United Security, La.	22,388	12,731	56.9	———	——	——	22
U.S. Casualty	8,514,629	6,172,377	72.5	—2,379,596	6,512	50	1,952
U.S.F.&G.	117,815,921	65,110,646	55.6	6,094,564	58,898	26,920	31,997
U.S. Fire	13,826,454	7,811,294	56.6	1,814,313	5,908	2,541	5,376
Unity F.&C., N.Y.	439,945	359,855	81.8	—46,154	188	72	179
Universal Auto., Ind.	1,326,178	1,189,517	89.4	560,102	599	384	342
Universal, N.J.	1,691,835	795,209	47.0	139,519	763	242	686
Universal Security	495,174	243,331	49.0	—51,709	——	——	495
Universal Underwriters	7,546,555	4,412,448	58.4	1,433,525	2,931	1,719	2,895
Urbaine Fire	211,158	72,791	34.4	166,160	55	96	58
Utah Home Fire	719,708	470,350	65.4	17,230	241	117	360
Utilities, St. Louis	1,157,493	649,228	56.4	53,294	628	301	226
Valley Forge	6,667,672	3,871,590	58.1	12,547	3,339	1,633	1,694
Vanguard	3,574,486	1,881,330	52.6	388,606	1,341	752	1,470
Vernon F.&C.	803,195	438,208	54.5	107,878	493	309	——
Vigilant	2,003,827	1,090,765	54.5	612,273	901	291	811
Virginia Surety	1,772,019	757,788	42.8	—125,672	961	466	343
Wabash F.&C.	1,727,128	759,913	44.1	—988,352	806	418	501
Washington F.&M.	2,094,052	1,094,107	52.1	—22,607	——	——	2,094
Washington Gen.	189,929	118,606	62.4	23,488	——	——	189
West American	6,956,373	3,915,102	54.8	3,525,269	3,240	1,482	2,233
West Virginia F.&M.	43,623	30,280	69.2	———	——	——	43
West Pioneer, Cal.	1,979,615	1,038,027	52.3	332,194	954	429	595
Westchester	7,046,289	3,973,179	56.0	1,004,677	2,975	1,276	2,794
Western Alliance	698,415	343,648	49.4	88,530	285	188	224
Western Casualty	16,025,794	9,144,102	57.1	545,582	10,188	5,837	——
Western Fire & Indem.	312,356	189,795	60.5	—215,186	139	92	81
Western Fire	12,805,497	7,167,870	55.9	955,172	1,372	575	10,857
Western Pacific, Wash.	1,094,669	619,447	56.8	135,669	491	251	352
Western Stand. Indem.	83,301	79,392	95.0	—60,639	26	23	33
Wilshire, Cal.	1,270,383	645,633	50.7	———	555	329	385
Wolverine	13,450,832	6,682,289	49.8	264,730	3,920	2,582	6,948
Workmen's Auto, Cal.	111,368	51,047	45.9	—13,422	——	——	111
Worth, Ft. Worth	151,758	105,688	69.5	—48,739	39	30	81
Yorkshire	3,598,054	2,236,874	62.0	403,028	1,836	730	1,030
Zurich	30,117,204	15,977,583	52.8	—323.325	17,393	7.207	5,515

* (Formerly Argonaut Unds.)
** (Formerly Natl. Auto., Ark.)
† (Formerly Mission Indemnity)
†† (Formerly Blue Ridge)
§ (Formerly Franklin Cas.)

Future Of Competition In Auto

W. L. Campbell, president of General of Seattle group, was asked for his observations on the future of competition in the automobile insurance business. He writes:

With the advent of account selling, where the insurance salesman is making an attempt to get all of the personal business of an individual, including homeowners, life insurance, and automobile, then it becomes extremely important that agents' markets for private passenger automobile insurance be broadened.

Several methods have been developed in this broadening process, all similar. Allstate has organized National Emblem Ins. Co., for the purpose of taking risks they do not feel are eligible for their preferred rate plan. I understand Government Employees is organizing a similar company and calling it Criterion. Our group has a standard risk plan that we are writing in our subsidiary, First National. The reason we call it a standard risk plan is that we expect to write, under this plan, profitable business that will not meet the underwriting requirements of our Safeco plan at Safeco's rate levels and the business will be written at rates that contemplate not only a break even but a realistic profit. We call it a standard risk plan versus a substandard risk plan because there still will remain some business that cannot be written by anyone on a profitable basis at rates insured is financially capable of paying.

Broader Auto Facility

The above comments should not be confused to mean that we are going to accept accommodation lines for the purpose of holding an account, but we are going to give our agents a broader automobile facility so that they not only can retain business that is now on their books but be competitive with the direct writers and other companies that are following the selective underwriting concept.

We also feel that it will be impossible for agency companies to continue to be competitive unless they embrace the central billing continuous policy concept, which enables the agent to be able to afford a lower and more realistic commission on the business he writes.

Auto Situation Being Handled More Energetically

(CONTINUED FROM PAGE 26)

tainly under merit rating they are going to have to handle situations of this type very carefully.

The drift toward a climate in which a compensation system for automobile accident victims would be acceptable to the insurance business is not so noticeable as it was a year ago. The automobile losses are not quite so acute in relation to premiums. Possibly the monumental study by Columbia University, the project for more effective justice, and a companion study by Roger B. Hunting, New York attorney, under similar aegis, had their effect, as well they might. The study by Mr. Hunting and his associates shows that the defense of contributory negligence has almost evaporated and is of little or no present practical effect. We already have a no fault system. The Hunting study shows also that abolition of no fault rules and adoption of a compensation system would influence court congestion very little if at all. It would simply transfer automobile cases out of the courts and place them on an administrative system that has yet to be created and manned.

Compulsory Could Change It

One or two more compulsory states, however, might bring about some system other than the present one.

There is no use continuing to regard the traffic accident problem as one that can be wholly solved. There are parts of it that can be improved. But to look upon it as something that can ever be fully disposed of may actually result in less effort being expended where it has a chance to do some good.

For, by and large, the traffic accident situation is going to continue to be large, complicated, and costly in dollars and damage. It is idle to believe that in the foreseeable future anything like the total number of accidents that are "caused" can be eliminated, which would leave only accidents that "happen." For the whole problem, like people, is going to be with us right along. The problem is people.

Much of it has to be put up with. The people all along have been willing to put up with it. They just don't want to pay so much for it. They put up with it as they do with sin, or the urge to gamble, or the impulse to compete, or the compulsion to get even.

It can be improved: The costs can be distributed more equitably. The responsibilities can be more precisely fixed. It has been demonstrated that drivers of all ages are susceptible to improvement in attitudes under group education, an improvement that is reflected in an encouraging reduction in accidents by individuals in the group. To a degree this work can reduce the per unit carelessness that produces accidents. Much more of this type of educating can be done.

Safety Effort

The safety effort, in which this business has cooperated with energy and responsibility—though not always with the most effective teamwork—has kept deaths and injuries from rising with the same terrifying speed as driving mileage exposure.

The business is doing perhaps more than any other part of the economy and society to tell the public of the problem and what to do about it. The business at last and in different ways is doing what the clergy has tried in its way and for its purposes to do, and the police and courts in their way and for their purposes to do: Separate the sheep from the goats and put the onus on the irresponsible.

The business is at last classifying the responsible in ways that should permit continuous accurate identification of all drivers. In a large way this is being done for many drivers with merit rating and similar plans. In a small way the business is doing the same thing with the young driver, applying real tests of social and personal attitudes that are expressed in driving and in accidents, or avoidance of them. Here the effective identification of the culprit attitude at least provides a sound base for attempting an improvement, as with medical diagnosis of of infection or disease.

The automobile insurance business can mitigate, point out, and find facts. It is in a peculiarly favorable position to do the latter, and for survival probably has to. It already has made more than a self interest contribution. It can and undoubtedly will do more.

Thinks Permissive Use Proviso In Auto Policy Needs Revision

(CONTINUED FROM PAGE 27)

lationship of the parties, has been held to be actual use with permission. For example, named insured's statement to the non-employe, "the keys are in the truck," has been found to be implied permission. Where named insured had never denied permission and, upon going to bed, left the keys in the customary place, the conduct of named insured was considered to be implied permission. Where the issue of implied permission to a non-employe for personal purposes is involved, the general relationship between named insured and the driver is important, and where the parties are related, weaker evidence will support a finding of permission than where the parties are merely acquaintances. Friendship alone does not imply permission. The courts, in cases involving unexpected use of the automobile by a person who has access to it, almost always discuss named insured's absence of knowledge of use.

As a rule, a permittee does not have authority to delegate permission to another driver so as to make him an additional insured. However, the conduct of named insured or the nature and scope of the permission granted by him may be such as to indicate permission to another to authorize use of the automobile. The courts have generally held that the second permittee has named insured's permission by virtue of delegation from the first permittee only if (a) named insured has expressly or impliedly permitted such delegation, (b) use by second permittee serves some purpose, benefit or advantage of the first permittee, and then not (c) where the first permittee has been expressly forbidden to delegate his authority, nor (d) where the use is solely for the benefit of the second permittee and the initial permission is silent as to delegation. Generally, the first permittee cannot give permission if named insured has given him restricted permission and is silent with respect to delegation of authority.

Courts Distort Meaning

The term "actual use" is rapidly becoming impotent as an increasing number of courts distort the meaning of the word "use" and ignore the word "actual." In cases where the first permittee had general permission and was allowing the second permittee to drive, the courts have held that the first permittee was using the automobile and such use was with permission of named insured, even though named insured had instructed the permittee not to let anyone else drive. In cases where the first permittee has limited permission for a specific purpose and another drives the automobile beyond the scope of the first permittee's permission, the courts have held that the first permittee is not an omnibus insured; however, when the driving by the second permittee is for the same purpose as that authorized to the first permittee, the latter is an omnibus insured because the use is with permission of named insured.

Miss Austin said it is regrettable that more jurisdictions do not adopt the position of the fourth circuit court of appeals, which refused to apply the liberal rule in a case involving violation of a specific prohibition. The court stated that if it is desirable to require coverage broad enough to protect all who suffer injury, then this command for universal coverage must come from the legislature.

However, the tendency of some courts to stretch the meaning of actual use far beyond the contemplation of underwriters is disturbing, she said. She cited the case in which a driver, expressly prohibited from operating the car, was held to be covered under the omnibus clause if the automobile was being used for a purpose permitted by the named insured. The court ruled that the words "operation" and "use" have different meanings and the omnibus clause requires only that use of the automobile be with permission of named insured and any prohibition as to operation is immaterial.

"The decision in this case," she said, "precludes effective underwriting by the insurer. The insurer underwrites the risk on the basis of the character of the named insured and the persons to whom he may grant permission, but has no way of underwriting the persons to whom the first permittee may delegate permission. In this case the insurer of the driver underwrote the driver and should have borne the loss."

Coverage under the policy must be approached from the standpoint of liability imposed upon insured. The decision by the Denver district court in the recent case of Albert vs Kling completely ignores this fundamental, she said. The district court ruled in favor of the judgment against a passenger, holding that since the passenger was using the owner's automobile, the driver was legally responsible for use of the car by the passenger and the driver was accordingly covered as an insured under the passenger policy.

Under the policy, legal obligation of

insured must arise out of use of the automobile. To the extent that the passenger was using the automobile, he was covered under the non-ownership coverage of the policy issued to him, but he was held not liable. The driver would have been covered under the passenger policy to the extent that he was legally responsible for use of the automobile, but how could the driver have been legally responsible for that use by the passenger when even the passenger was not liable for his use? Miss Austin wondered.

"No revision of policy language can remedy the absurd result of the decision by the Denver district court, which is founded on an erroneous application of the law and a basic misconception of the intent of the automobile liability policy," she declared.

It does seem possible, however, to resolve the problem created by courts which insist that the word "actual" neither adds to nor detracts from "use" in the permission requirements. She said that the continual stretching by courts of the meaning of the permissive use proviso must in time force policy drafters to consider revising the requirement to explicitly spell out the intention of the underwriters. Possibly, she said, the policy should read: ". . . provided such use and the actual operation of the automobile are by the named insured or with his permission."

Auto Plan Produces High Renewal Percentage

By CHARLES P. ORNDORF

Pennsylvania General is the youngest member of the General Accident group, but now has sufficient years of past operation and premium writings to establish its place alongside of its older companion companies. Although organized and licensed as a multiple line insurer, the main operation and progress to date has come about through use of a unique automobile plan.

Believe Plan Meets Challenge

We are all very well aware that insurance marketing has undergone tremendous changes in recent years. The automobile line, because of its size, importance and standardization, has borne the brunt of these marketing changes. When you consider the prime importance of the automobile line from the standpoint of the public, the companies and their agents, it appears entirely logical that automobile should be singled out for innovations. We believe the Pennsylvania General automobile plan meets the challenge of these changing times by offering our agents a facility permitting them to remain competitive and at the same time preserving the time-honored relationship between agent and company.

Under our plan, although it features a direct billing procedure, no question arises as to the ownership of renewals. Our agency contract recognizes the same rights to ownership of expirations as are provided by the agency agreements currently in use by our other companies operating on a standard account basis. Our plan also overcomes another feature often referred to as objectionable and that is the apprehension of the agent that he would lose his identity and contact with his client. We have designed our system especially to keep the agent posted at all times as to the status of the policies which he has written with us. Our mailing pieces display the name of the agent and his address very prominently and the insured is advised to consult his agent if any need arises.

Prepared In Duplicate

All communications which we mail direct to insured, with the exception of the second payment notice, under our budget plan, are prepared in duplicate and the duplicate copy is forwarded to the agent at the same mailing time that the original is sent to insured. Each week the agent is supplied with a complete listing of the items paid within that week to the company by his clients. The listing shows the name of insured, policy number and type of transaction. As of the 15th of each month, a complete listing of all items paid within the month is forwarded to the agent, in the form of a statement. This statement also shows the name of insured, policy number, type of transaction and amount of premium paid. In addition, those items not previously acknowledged as "paid" on the weekly statement are noted with an asterisk. This procedure keeps the agent informed on a current basis, of the status of his renewals and enables him to select those clients whom he feels he should contact.

Essential Points Of Plan

The main features which form the basis of the Pennsylvania General plan may be stated as follows:

1. The applicant must complete an application and sign it under a general statement that the facts declared are true and correct and that the company shall rely upon them.

2. The insured must pay the premium to the agent at the time the application is completed.

3. Flat cancelation of a policy is not permitted. Premium is to be charged for each day the policy is in force.

4. Renewal of policy is not effective until renewal premium is paid to the company.

5. Premium payment must accompany each item forwarded by the producer to the home office.

While the foregoing statements for the most part speak for themselves, some amplification with regard to one or two may be of interest. For example, Item 1, the application, we feel is a cardinal point in our operation. The questions asked of the applicant are direct and uncomplicated. They are designed to establish properly the classification of the risk as well as to assist the underwriter in determining desirability. By frequent checks we

Mr. Orndorf has spent his entire insurance career with the General Accident group. He joined the automobile underwriting department in 1937. In 1947 he was named assistant superintendent of the automobile underwriting department and in 1951 superintendent. In 1954 he was appointed assistant general manager of General Accident, secretary of Potomac, and, later, secretary of Pennsylvania General. His principal responsibility is the automobile business of the three companies.

have proved to our satisfaction that the requirement that the application must be signed personally by the applicant greatly enhances the value and reliability of the information obtained.

Another item of prime importance is the idea of a cash transaction. This feature not only eliminates the spectre of free insurance which has so long plagued our industry by the exercise of the flat cancelation procedure, but it also makes possible a streamlined bookkeeping operation. Cash with the order and cash before entering a renewal term completely relieves the system of the time consuming entries involved with past due accounts.

Pennsylvania General offers coverage on the basis of the full family policy form and supplemental coverages on the basis of endorsement forms designed for use with a family policy form program. A very wide range of limits of liability for bodily injury and property damage as well as for medical payments are available.

No package requirement is invoked in the Pennsylvania General automobile plan and no restrictions are placed with relation to limits of liability one cover bears to another. Each insured is free to select the amount of cover or variety which best suits his individual needs or desires.

Renewal procedure employs a combination renewal certificate form and invoice. In suitable language it conveys the thought that the renewal premium must be paid by the due date if insured desires to keep his coverage in force. This document is prepared by the central operating unit at the home office of the company on electronic equipment and is mailed direct to insured with a copy to the producer, forwarded at the same mailing time. A return envelope is provided for the customer's convenience for use in remitting the premium for the ensuing term. While this procedure borrows heavily from the system used successfully for many years by companies operating in the life insurance field, we find it enjoys equal success when applied to our field of operation.

Our experience has demonstrated that a large percentage of insured remit their renewal premiums promptly

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and very few await the actual due date. When the renewal premium is not received on time the agent is notified of the failure to remit. This provides the agent with an opportunity to contact the insured, collect the premium and thereby reinstate the policy.

This entire system lends itself to preserving a high percentage of renewal retention as compared to standard operation. Another point in our plan which is favorable to renewal retention is the fact that we offer a variety of policy periods. A policy may be purchased on a yearly term, a six month term or a six month budgeted term. The budget plan reduces the payment to three months premium in advance, with the balance due in 60 days from policy inception date.

Very early in our operation it was discovered that our plan could not function properly by the routing of business through our branch offices and the departmental procedure of the home office. The time element involved does not permit this type of handling, especially when six months policy terms and a budget plan are employed. Therefore a special central unit consisting of selected employes was organized. Our producers in the field report their business directly to this unit on a daily basis as written, rather than through our branches and general agents, which is the normal reporting route of business written for our other companies.

Central Unit's Operations

The central unit located in the home office of the group performs all functions of handling, underwriting, coding, keypunch, cash accounting, agent's statement and preparation of the new business written, for machine renewal. This unit endeavors to operate on a schedule of complete processing up to renewal preparation of each piece of new business received, on a daily basis.

When embarking on a method of operation involving such a complete change in the usual routine, plans must be carefully charted and instruction clearly written. Regardless of how perfect a plan looks on paper, it takes actual practice to bring to light its defects. We did not escape this experience. As the "bugs" became evident in our system, it took considerable time and effort to develop methods of handling to accomplish their elimination. Considerable credit must be given to many of our agents and their helpful suggestions of corrections that could be made, during the early stages.

With six years of operation behind us, we can now say that our central processing plan has worked out and does meet the demand of what may still be called a rather new technique in marketing our product. We look forward to further expansion and development.

Sees Slight Change In Market Distribution Of Auto Business

Asked for his views on the automobile business, Stuart H. Struck, president of Dairyland Mutual, commented:

By now it is quite obvious that the great bulk of preferred business that is going to move to independent specialty companies already has made the move. Those insured who are extremely price-conscious made their move long ago. The wide-spread adoption of merit rating plans will not change the current distribution of preferred business in any substantial degree.

Change In Philosophy

Thus, if such independent specialty writers desire to maintain their rate of growth, it will have to come from the "less preferred" part of the private passenger market, and also from the commercial field. This means a substantial change in underwriting philosophy of many of these companies. More detailed classification plans, with merit rating included, is the avenue of approach. To do this more effectively, subsidiary companies have been organized to specialize in this area of the market.

The continued less than satisfactory automobile experience has apparently slowed the rush to complete package policies including auto. There is plenty of work being done in this area within company offices. However, the push for publicity has lessened. Also, the independent specialty companies are better preparing themselves for "one-stop" account selling, including commercial lines. These once specialty companies are now rapidly becoming more nearly like their old time opponent, the bureau multiple line company. Oddly, the bureau companies are beginning to act more like the independent companies of old. The overall trend in the auto field is towards bigger underwriting units, and with less divergent methods of doing business.

Beginning To Solicit

The last few years have seen many "standard companies" beginning actively to solicit and write substandard automobile risks. For the companies that have specialized in the substandard field, it means much keener competition. Yet, this is nothing really new, as these specialty companies always have been a residual market, with their volume changing inversely to that of writers of preferred business.

The impact of the tremendous growth of New York Assigned Risk Plan (and related compulsory problems) on company underwriting philosophy has triggered many of these changes. The big writers can't run away from the resultant problems, and it has been learned that only positive action on their part can provide the necessary corrections. History might show some good, and important developments can be traced to problem solving in this area. Self-preservation has caused companies to develop realistic and effective public relations programs. Cooperation on an industry-wide basis is not now uncommon. The good things that have been brought about in "pressure" states are now being extended to other states on a voluntary basis.

Aware of Cost Factors

The insurance buying public is much more aware today of the cost factors in the auto field. This trend should continue to aid the industry in developing a profitable line of business.

"ABERNATHY IS TAKING THE SAFE DRIVER PLAN SERIOUSLY!"

Agents Have Several Objections To Auto Merit Rating Plan

Local agents in some states have objected to the introduction of the auto merit rating plan of the bureaus. On occasion agents have objected to the charging of points for minor traffic violations (California and Texas). In others they have objected to not charging for certain violations (Virginia). To a degree their basic objection has been similar to that against the latest homeowners—more work for less money. In one or two states agents have been successful in preventing the introduction of auto merit rating.

The position of agents was outlined vigorously at the annual meeting in Syracuse of Mutual Agents Assn. of New York State by Gay Milbrandt, a past president and operator of a large agency in Pelham.

Conceding that the public likes some form of reward system and that this desire is supported by legislators and insurance departments, Mr. Milbrandt regards the present program as a "monster."

It is, he said, "a poor piece of classification."

Improper Classification

Failure of the business to develop a proper classification plan, Mr. Milbrandt believes, is due to several factors, all of them in the area of public relations. The business for 10 years has failed to inform the man in the street of the auto accident problem and help him understand it. Instead, companies have advertised their millions in assets, and talked about big, new home office buildings. He thinks the business has failed to let insurance departments know the problems of the auto insurance business so as to get proper assistance. It has failed to inform legislatures of the facts.

Merit rating is an experience rating plan, he said. It is a plan to tell whether insured is a good driver or not. But it is superimposed on other classifications—territorial, occupation, mileage. If insured lives in Brooklyn, he pays $176.40; if he lives in Oriente, he pays $65.20. A salesman is a class 3 driver, even though he is much the same person as a grocer. He drives the same car, has the same background, thinks the same way and responds to situations in the same manner. The reason for the difference in rate, salesman and grocer, is not occupation but mileage. Mileage then should have been the factor used. Note that when the grocer travels more than 10 miles to and from work, he becomes 1C, which is approximately the class 3 rate.

Mr. Milbrandt feels that rating could have been done in a much easier fashion.

Merit rating is used on all of the continents and in one country particularly, Sweden, which has had a successful merit rating plan for 30 years. (In the U.S. the insurers have failed three times in the past with such a system and now face a fourth failure unless drastic changes are made in the present plan, Mr. Milbrandt said.) In Sweden, the merit plan permits credits up to 70%. It is used by all insurers. Base rates are sufficiently high to be punitive where no credits are earned. The period of the plan is six years, more credible than the three-year plan of the U.S. bureaus. The six year base reduces the number of insured who earn the maximum credit. The plan also considers mileage and grants a small car discount.

The 70% swing would, in a high rated U.S. territory, produce a maximum of $200 and a minimum of $60. This approximates the range of premium the bureau plan uses but which in the U.S. is accomplished by a multiple process of territory, use of car, and experience performance.

Mr. Milbrandt also objects to the casual way in which the companies "dumped" the merit plan on their agents. He is much concerned with whether the average agent in New York can stay in the automobile business. The first blow was compulsory, which added substantially to the cost of handling the line. The second blow was the commission cuts, a reduction in income in the face of increasing work for the agency. The third blow is merit rating, which adds more work.

Agencies have failed to develop the proper answer to the manpower situation. Unilateral commission action has hurt. The classification refinements of the independent writers have been misunderstood. Nothing has been done about the young driver situation. And there is still no proper company-agent liaison, he declared.

SDIP-Package Program Produce Results

(CONTINUED FROM PAGE 28)

and were anxious for us to move ahead.

The programs are not designed for limited application but are aimed at appealing to the private passenger insurance market and to all producers.

The special automobile policy was developed to meet the essential needs of the family car insured who demands quality protection and the essential personal service from an independent local agent and yet is conscious of his insurance costs. The shortened policy term affords convenience of premium payment in budgetable frequent amounts. The value of this to insured is attested to by agents using the special automobile policy and by the low lapse ratio on this business.

The family automobile policy remains available for insured with a need and desire for complete flexibility in tailoring automobile coverage to individual requirements.

Under both policies, the safe driver plan is applicable. The public has long made clear its desire for a premium differential between risks based upon past accident involvement and the safe driver plan recognizes this by reducing the premium for the safe driver and correspondingly increasing the premium paid by other less careful and less fortunate insured. These plans have demonstrated public appeal. We hope that they will also have a beneficial effect on driving habits and thereby contribute to a reduction in the wasteful injury and destruction on our highways.

Increasingly Confident

After a little over a year of operation under the plans, we are increasingly confident of the course we have taken. The quality of business developed by agents using the plans aggressively has been excellent. More and more of our producers are moving away from a defensive and negative attitude towards private passenger automobile business and are using the special policy and safe driver plans in the acquisition of new insured, most of whom are ready prospects for other personal lines. These agents are using the program as it was intended and the early success stories should encourage others to adopt a definite, positive sales approach for this business.

Further evidence of the attractiveness of these programs to insured has been developed through market surveys designed to find out the reasons behind consumer satisfaction. Throughout these interviews, insured have emphasized their enthusiasm for the fairness of merit rating, a desire for more protection at a reasonable price and the ease of premium payment afforded by the special policy.

All this points to the fact that we have a salable and attractive program. The task before companies and producers is to increase our exposure to the public. This requires real sales and merchandising effort. But the rewards are great and the stakes are high. Success in the personal insurance lines hangs in the balance.

Need New Insured

This emphasis on aggressive merchandising may seem strange to some coming as it does from someone who has spent most of his business career in the underwriting end of the company. I believe it is consistent rather than strange. Our company wants all the desirable automobile business we can get and we believe that our best opportunity for profitable growth can come from improving the over-all quality of our automobile business by adding an additional volume of desirable new insured. In order to do this, we must provide automobile insurance as a quality product at a price reasonable in terms of this quality and on a convenient method of premium payment. Only in this way can our producers and our company grow and prosper in this highly competitive business.

We are convinced that an aggressive company working with independent agents can meet the challenge before us providing both are willing to work together in trying to satisfy the desires of the public. We look forward with confidence and with optimism to the future.

Promotions At Home

Promoted in Home's loss-claim division are William Goss to manager of auto physical damage division, Robert Messeler to assistant manager of that division, John C. Kleinhenz to assistant general claims manager, and Arthur R. Griffin to assistant claims administration manager.

LEE TELLS AGENTS

Young Driver Is Industry Wide And Society-wide Job

There are 15.4 million drivers in the U.S. under 25, O. C. Lee, vice-president in charge of sales of Harleysville Mutual group, told Mutual Insurance Agents Assn. of Virginia-District of Columbia at its 25th annual convention in Williamsburg. This indicates the tremendous size of the underwriting problem, which, he indicated, cannot be solved simply by increasing rates.

He said the business has failed to come up with an underwriting solution. As to the problem generally, several programs have been suggested. One in Pennsylvania was: Stricter examinations, oral or written; stricter driver tests; more time on the road tests; and inclusion of a psychological test to determine the youth's attitude to life.

Another program suggested by young drivers was to have parents restrict driving to daylight hours, put teenagers on probation after being involved in an accident, insist on knowing where the young people are spending their time, and themselves take refresher courses because they provide such poor examples of drivers for youngsters to emulate.

One insurer has established a substandard class for young drivers and set the rates at a very high level. To qualify, the young driver must not have been rejected or cancelled by, or proved unacceptable to some other insurer within the past three years for underwriting reasons. Also, he must be a person not currently required to file proof of financial responsibility. The substandard rates in the Cleveland territory for classes 1A, 2A, 2C, and 3 are $124, $214, $347, and $170, compared with bureau rates of $67, $152, $249, and $104.

Another company has a different approach. It has accepted, after inspection, a large number of under 25 drivers. All of the daily reports are coded to indicate the driver's age. When a young driver has an accident, the report is sent to a claims underwriter to determine the cause of the chargeable accident, noting weather conditions, time of accident, speed of the automobile and all physical conditions at the time of the accident. A special letter is directed to the young driver, depending upon a number of conditions. A great improvement has been noted by the company since adopting this method of handling young drivers.

A midwest company has just embarked on a special plan, Mr. Lee reported. It is writing to all insured male drivers under 25 to apply for an application and take the Automobile Questionnaire Test. A 25% dividend will be awarded to each policyholder who has all male drivers under 25 successfully pass the examination, and if there are no chargeable moving accidents or financial responsibility filing by reason of motor vehicle law violation during the dividend period. This examination is being held on certain days and in certain high schools and colleges throughout the state. At present the plan is experimental and may be dropped at any time. It is, however, departure from the routine, and will be watched with much interest.

1960 Auto Results Of Mutual Insurers

(CONTINUED FROM PAGE 32)

	1960 Total Earned Prems. $	Total Incurred Losses $	Loss Ratio %	Incr. or Decr. in Prems. $	BI Earned Prems. $ (000 Omitted)	PDL Earned Prems. $ (000 Omitted)	PHD Earned Prems. $ (000 Omitted)
Chgo. Ice Producers	201,294	126,495	62.8	—4,925	107	51	42
Citizens Fund, Mo.	91,421	31,469	34.4	—19.728	—	—	91
Citizens Mut. Auto	12,698,252	7,242,735	57.4	—1,866,875	4,262	2,557	5,877
Colo. Farm Bur. Mut.	1,403,746	947,242	67.7	87,846	415	173	814
Commonwealth Mut., Pa.	934,411	483,342	51.9	169,217	446	281	206
Consolidated Mut., N. Y.	458,527	227,916	49.5	—31,489	290	90	77
Cook Cty. Farmers, Ill.	392,303	340,735	87.0	20,754	138	75	178
Co-Operative, N. Y.	89,476	48,756	54.5	22,793	—	—	89
Cosmopolitan Mut.	7,248,203	3,729,144	51.4	1,702,358	5,620	1,368	259
Cotton States Mut., Ga.	3,174,245	1,995,059	63.0	800,800	1,700	702	770
Country Mut., Ill.	20,730,375	11,432,459	55.0	1,210,922	6,006	2,636	12,088
Cream City Mut.	238,982	139,052	58.5	113,408	113	43	82
Dairyland Mut., Wis.	6,945,668	3,878,468	56.0	2,296,442	3,862	2,341	741
Donegal Mut., Pa.	928,307	479,738	51.5	150,153	420	219	288
Dorchester Mut. Fire	117,882	48,395	41.2	—2,262	—	—	117
Druggists Mut., Ia.	30,884	12.720	41.2	2,459	—	—	30
Elec. Mut. Liab., Mass.	887,095	545,864	61.4	97,363	567	320	—
Empire Mut., N. Y.	20,258,510	10,730,544	53.1	3,990,402	16,293	3,477	486
Empire Mut., Pa.	605,263	131,924	21.7	171,409	315	214	76
Empl. Mut. Cas., Ia.	23,776,295	13,324,795	56.1	328,185	10,569	5,519	7,687
Employers Mut. Fire	3,838,047	2,435,920	63.3	—221,822	2,019	866	952
Empl. Mut. Liab., Wis.	21,748,879	13,803.559	63.5	2,808,620	11,443	4,907	5,397
Equity Mut., Mo.	2,334,473	1,326,551	56.6	159,972	1,287	550	496
Exchange Mut., N. Y.	2,993,799	1,638,538	54.5	622,111	2,134	635	223
Factory Mut. Liab.	22,460,872	10,011,585	45.0	1,444,058	13,593	4,782	4,085
Farm Bureau, Ida.	1,661,034	925,773	56.3	96,100	525	253	882
Farm Bureau, Ind.	12,065,556	7,765,242	64.8	115,674	4,425	1,889	5.750
Farm Bureau, Mich.	3,756,467	2,066,208	55.0	267,327	1,287	762	1,707
Farm Bureau, Neb.	1,240.735	773.977	62.2	112,752	425	212	602
Farm Bureau Mut., Kan.	7,531,743	4,541,927	60.2	355,472	2,787	938	3,805
Farm Bureau Mut., Ia.	10,679,589	5,483,284	51.5	—434,866	3,615	1,869	5,194
Farm Bureau Mut., Mo.	2,344,484	1,469,904	62.3	—40,540	926	438	979
Farm Bureau Mut., N. H.	1,703,986	893,732	52.5	234,545	705	403	594
Farm Family Mut., N. Y.	1,549,607	990,846	64.1	373,250	900	360	287
Farmers Alliance, Kan.	87,108	61,008	70.0	30,633	37	15	33
Farmers Cas., Iowa	2,187,815	1,257,184	57.1	—10,940	688	532	977
Fmrs. Elev. Mut., Iowa	791,562	314,870	39.6	233,670	230	180	380
Fmrs. Mut. Auto, Wis.	24,198,615	14,576,567	60.0	1,668,999	10,657	4,644	8,896
Fmrs. Mut. Hail, Iowa	29,189	57,066	196.0	9,253	4	4	20
Farmers Mut. Re	650,905	307,612	47.0	246,987	183	122	344
Farmers Mut., Wash.	2,392,974	1,568,032	65.0	24,335	1,129	531	732
Federal Mutual	1,980,508	1,038,978	52.1	218,788	715	358	906
Fed. Mut. I.&H.	9,578,250	5,532,681	57.7	648,547	3,985	2,500	3,091
Fitchburg Mut., Mass.	336,056	129.339	38.4	4,885	—	—	336
Frankenmuth, Mich.	4,096,066	2,699,505	65.8	568,513	1,324	858	1,911
General Mut., Ala.	350,295	192,697	54.9	101,794	181	104	64
General Mut., N. Y.	3,324,464	1,934,357	58.1	325,372	2,427	733	163
Ga. Farm Bureau Mut.	593,661	359,011	60.5	319,052	238	165	189
Goodville Mut. Cas.	676,080	372,787	55.0	100,492	361	279	34
Grain Dlrs. Mut., Ind.	4,991,542	2,801,622	56.2	446,817	2,257	1,092	1,641
Grange Assn., Wash.	2,955,443	1,714,974	57.9	611,335	1,209	664	1,081
Grange Mut., N. H.	68,718	29,075	42.2	5,565	—	—	68
Grange Mut., O.	12,888,952	8,861,059	69.1	2,972,147	5,309	2,449	5,130
Grangers Mut., Md.	81,895	42,251	51.6	—4,950	—	—	81
Granite Mut., Vt.	123,979	67,305	54.6	—8,942	—	—	123
Graphic Arts Mut.	556,809	295,030	53.0	118,126	414	100	42
Green Mt. Mut., Vt.	27,376	15,092	55.0	—1,908	—	—	27
Guarantee Mut., Mass.	188,965	68,668	36.5	7,750	—	—	188
Hdwe. Dlrs. Mut. Fire, Wis.	9,895,260	5,774.848	58.5	8,722,722	5,199	2,078	2,617
Hardware Mut., N. C.	24,270	8,536	35.4	3,285	—	—	24
Hard. Mut. Cas., Wis.	39,554.622	22,837.447	57.8	—5,416.977	20,905	8,342	10,306
Harford Mut., Md.	1,012,449	617.944	61.0	319,766	472	236	303
Harleysville, Pa.	4,282,401	2,220,336	51.8	—509,203	143	15	4,123
Harleysville Mut. Cas.	17,833,245	10.973.245	61.2	1,082,615	10,755	5,746	1,330
Heritage Mutual	999.313	2,027.697	202.0	—1,827,565	505	180	313
Herman Mut., Wis.	2,009,372	1,488,818	74.0	—5,608	1,020	377	611
Hingham Mut., Mass.	31,687	10,404	32.9	18,584	—	—	31
Holyoke. Mass.	2,247,775	1,033,108	46.0	55,601	—	—	2,247
Home Mut. Fire, N. Y.	88,049	66,702	75.9	—8,389	—	—	88
Home Mutual, Wis.	5,137,058	3,074,594	60.0	313,498	2,363	1,025	1,748
Horace Mann, Ill.	4,177,497	2,234,587	53.5	663,199	2,305	736	1,136
Ideal Mutual. N. Y.	1,471,060	571,734	38.8	—344.605	1,124	346	—
Impl. Dlrs. Mut., N. D.	238,147	106,140	44.5	117,908	17	9	210
Indiana Fmrs. Mut.	954,491	793,254	83.5	—30.390	199	388	366
Ind. Lumbermens	12,029,825	6,555,036	54.5	181,258	5,726	2,630	3,673
Inland Mut., W. Va.	1,626,409	900,856	55.5	41,924	826	533	266
In'boro Mut. Ind., N. Y.	3,897,639	1,616,262	55.9	88,946	2,058	593	245
Integrity Mut., Wis.	1,050,884	587,942	55.9	—54,702	507	197	345
Iowa Hdwe. Mut.	858,504	515,768	60.0	207.476	357	208	292
Iowa Home Mut.	3,028,121	1,552.808	51.3	—1,410,543	1,130	675	1,221
Iowa Mutual	5,508,149	3,068,239	55.5	—156,652	2,472	1,422	1,613
Iowa Nat. Mut.	16,759,373	9,127,196	54.6	441,456	7,804	3,921	5,032
Jamestown Mutual	4,869,091	2,826,198	58.0	786.172	3,067	1,210	591
Ky. Farm Bur. Mut.	4,456,035	2,620,703	58.9	417,919	2,090	1,148	1,217
Lawn Mut., Pa.	3,506,087	2,071,358	59.0	744,300	1,706	974	825
LeMars Mut., Iowa	1,533,591	883,248	57.6	11,146	534	357	642
Liberty Mutual	118,743.942	73,520,064	62.0	12,498,648	69,773	27,120	21,849
Liberty Mut. Fire	13,193,771	8,168,890	62.3	1,397.735	7,752	3,013	2,427
Lincoln Mut. Cas., Mich.	235,907	104,714	44.2	—493,926	162	—	73
Linc. Mut. Cas., N. J.	2,946.300	1,697,859	57.5	913,377	1,819	789	337
Lititz Mutual, Pa.	6,096	1,933	31.6	—	2	1	2
Lowell Mut. Fire	111,740	47,506	42.9	25.865	—	—	111
Lumb. Mut. Cas.	79,949,001	39,238,655	49.1	3,710,649	45,449	18,294	16,204
Lumber Mut. Fire, Mass.	1,368,615	704.785	51.7	159.768	686	232	448
Lumb. Mut., Mansfield	5,316,668	4,080,954	79.5	295,347	2,444	1,089	1,783
Lynn Mut. Fire	702,357	322,997	45.9	20,729	—	—	702
Madison County, Ill.	1,513,767	1,036,545	68.2	114,749	419	233	860
Mfrs. & Merch., N. H.	321,804	124,232	38.8	5,078	—	—	321
Market Mens, Wis.	3,103,682	1,703,270	55.0	38,741	2,111	367	624
Members Mut., Texas	2,632,083	1,351,571	51.2	130,080	712	509	1,410
Merchants & Bus. Men's	21,485	9,963	46.4	—5,430	—	—	21
Merch. & Mfrs., Ohio	141,414	80.938	57.1	837	—	—	141
Merchants Mut., N. Y.	22,547.912	12,687 965	56.0	2,222.548	15,050	5,142	2,355
Meridian Mutual	10,864,423	6,123.581	56.5	580,069	4,296	2,470	4,097
Merrimack Mut.	1,236,087	608,932	49.3	—123,473	—	—	1,236
MFA Mutual	17,491,021	9,591,933	55.0	1,373,656	6,881	4,442	6,166
Mich. Millers Mut.	3,437,969	1,636.751	47.5	610.200	1,488	658	1,291
Mich. Mut. Auto	2,280,331	1,506,067	65.8	—17,904	719	594	965
Mich. Mut. Liab.	20,045,159	11,716,272	58.4	1,126,766	9,252	5,208	5,584
Middlesex Mut. Fire	2,668,957	1,227,389	45.8	78,768	—	—	2,668
Midwest Mut., Ia.	1,314,574	883,428	67.3	468,271	338	242	733
Milbank Mut., S. D.	3,348.707	1,971,055	59.0	435.243	1,356	642	1,349
Mill Owners, Iowa	1,944,502	1,198,062	61.2	60.361	903	455	585
Millers Mut., Alton	2,625,989	1,499,301	56.8	—252,187	1,198	478	949
Millers Mut. Fire, Pa.	34.713	26 979	77 5	3 713	—	—	34
Millers M. Fire, Texas	5,755,606	3,032,819	53.0	661,475	2,429	1,241	2,084
Milwaukee Auto	7,497.908	4,959.341	66.3	959 064	3,924	1,335	2,237
Minn. Mut. F.&C.	1,548.419	770,565	50.0	—24.207	588	339	621
Motorists Mut.	12,511,035	6,191,073	49.5	826,706	5,068	3,016	4,425
Mtn. States, N. Mex.	534,662	363.687	68.2	70.350	211	134	189
Mt. Joy Mutual	17.243	7.344	42.6	4 243	—	—	17
Mut. Benefit, Pa.	452,747	211,828	46.6	24,584	—	—	452
Mutual Boiler	176.161	49,734	28.2	—112.000	—	118	57
Mut. Creamery, Minn.	781.866	460,435	58.8	206.515	309	181	291
Mut. Fire & Auto, Iowa	793,921	424.423	53.5	4.228	265	212	315
Mut. Fire, Maine	93.492	47,296	50.6	5,716	—	—	93
*Mutual Ins., Pa.	247,083	160,042	64.8	116,906	85	58	103
Mutual Ins., Conn.	251,242	173,646	68.8	33,523	—	—	251
Mut. Service Cas.	13,479,675	9,272,863	69.0	963,683	6,910	2,496	4,072
National Grange Mut.	20,628,192	12,252,177	59.2	1,554,397	11,955	4,513	4,158
National Mut., O.	760,452	455,383	60.0	305,250	—	—	760
Nat. Mutual, Pa.	477,006	341,684	71.5	41,372	—	—	477
Nat. Mut., Wash., D.C.	967,556	475,069	49.0	—57,309	548	331	88
Nationwide Mut.	160,548,880	90,445,748	56.3	19,592,754	81,784	38,070	40,694
Nationwide Mut. Fire	9,095,612	4,975,449	54.9	—722,463	512	239	8,344
Neb. Hdwe. Mutual	110,984	38,985	35.3	—75,937	20	31	57
New Castle Mut.	49,398	20,059	40.6	—3,859	—	—	49
N. Y. Cent. Mut. Fire	258,690	141,531	54.8	—56	—	—	258
Nodak Mutual	1,133,314	667,714	58.9	75,987	268	162	702
Norfolk & Dedham	3,184,387	1,634,856	51.2	583,647	1,235	558	1,390
N. C. Farm Bur. Mut.	1,609,140	1,048,395	65.0	170,049	865	472	271
Nw Mutual	24,914,634	13,461,798	53.7	515,621	11,063	5,339	8.511
Oklahoma Farm Bur.	4,312,823	2,634,763	61.0	384,936	1,487	659	2,165
Oregon Mutual	1,177,499	587,681	50.0	239,366	488	238	451
Otsego Mut. Fire	91,447	52,453	57.3	6,909	—	—	91
Pawtucket, R. I.	1,117,785	488,638	42.9	—70,903	—	—	1,117
Pa. Lumb. Mutual	627,576	427,481	68.0	164,197	234	95	297
Pa. Millers Mut. Fire	224,003	115,444	51.2	73,637	35	14	173
Pa. T.&F. Mut. Cas.	20,150,322	11,462,175	56.8	646,629	10,454	5,609	4,086
Phenix Mut., N. H.	214,536	82,821	38.6	3,386	—	—	214
Pioneer Co-op Fire	90,283	63,152	70.0	—20,291	—	—	90
Pioneer Mut., Mass.	1,696,061	652,334	38.6	298,109	—	1,410	285
Pioneer Mut., O.	897,104	335,256	37.4	—340,799	320	360	216
Preferred Mut., N. Y.	582,081	268,667	46.0	24,973	—	—	582
Pref. Risk, Iowa	15,602,270	9,383,561	60.0	1,675,443	6,785	3,627	5,188
Progressive, O.	2,280,624	1,193,364	52.2	—614,738	603	433	1,253
Prov. Mut. Fire	46,874	22,658	48.4	4,318	—	—	46
Prudence Mut., Ill.	3,384,656	1,736,487	51.1	51,952	2,495	774	114
Pub. Empl. Cas., Wash.	1,384,752	782,899	56.6	220,752	500	314	569
Pub. Emp. Ins., Wash.	1,227,298	697,430	57.0	459,743	501	335	339
Public Serv. Mut.	7,091,557	3,501,827	49.5	843,658	5,352	1,392	346
Quincy, Mass.	1,725.903	79,152	46.0	—43,973	—	—	1,725
Republic Mut. Fire	140,948	149,342	106.3	536	84	17	37
R. I. Mutual	693,371	472,640	68.0	50,409	352	206	133
Rural Mut., Madison	2,072,889	1,195,408	57.4	66,235	984	326	761
S. C. Farm Bur. Fire	53,768	34,671	64.5	—	—	—	53
St. Paul Mut.	338,143	177,640	52.3	74,187	117	58	161
Security Mut., N. Y.	1,416,058	759,450	53.6	344,704	1,076	321	18
Security Mut. Cas.	11,160,554	6,362,392	57.2	1,794,055	7,048	1,879	2,232
Sec. Mut. Fire, N. Y.	27,326	11,091	40.3	2,222	—	—	27
Shelby Mut., Ohio	18,920,153	10,903,538	57.6	693,330	9,596	4,664	4,659
Snake River Mut.	223 279	157.221	70.5	51,929	76	47	99
Stand. Mut., Ill.	1,327,543	627,517	47.5	65,589	560	275	492
Stand. Reliance, Neb.	990.909	480,825	48.5	—118,173	423	248	319
State Auto Mut., O.	28,587,570	14,779,864	51.5	1,370,733	12,280	7,211	9,115
State Farm Mut. Auto	455,659,950	250,660,873	55.0	35,919,937	200,585	85,248	169,825
Sterling, N. Y.	129,859	75,252	58.2	15,450	—	—	129
Sunshine Mutual, S. D.	264,465	161,700	61.0	2,895	79	50	134
Superior Mutual, Wis.	3,025,742	2,080,009	68.9	124,694	1,708	973	343
Tenn. Farmers	4,340,389	2,666,246	61.3	1,050,480	2,082	1,068	1,189
Tompkins Co-op Fire	41,349	20,786	50.0	2,842	—	—	41
Town & Ctry. Mutual	1,327,696	1,035,028	78.0	272,709	510	62	753
Transportation Mut., Pa.	10,016	5,641	56.4	677	—	—	10
Traders & Mechanics	566,389	275,604	48.5	—69,949	—	—	566
Tri-State Mut., Minn.	59,324	47.442	80.0	—37,595	14	9	35
Tri-State Mut., Pa.	85,408	26,844	31.4	—	—	—	85
Union, Nebraska	2,045,936	1,012,776	49.5	106,646	612	340	1,002
Union Mutual, Pa.	12,227	3.333	27.3	—1,168	—	—	12
Union Mutual Fire	443.438	237.952	53.5	—7,053	—	—	443
United Mut., Ft. Wayne	650,664	197.988	30.3	27,720	228	159	262
U.S. Mut. Liab.	7,408	3,999	54.0	—217	7	—	—
Utah Farm Bureau	771,437	480.285	62.2	23,437	229	145	396
Utica Fire	200,807	118,711	59.0	20,272	—	—	200
Utica Mutual	29,687,070	17,477.252	58.8	3,402,756	18,956	6,873	3,856
Vermont Mut. Fire	685,340	393,925	57.4	61,035	—	—	685
Va. Farm Bureau	1,418,804	896,004	63.5	97.979	755	289	373
Virginia Mutual	1,183,106	524,225	44.3	—156,766	637	343	202
Washington County	183.021	102,568	55.8	99.654	39	20	122
Washington Mut., Pa.	83,986	58,821	70.1	10,566	—	—	83
West Bend Mut., Wis.	197,471	116,933	58.9	153.375	97	37	62
West Newbury Mut. Fire	149.137	75,216	50.5	3 790	—	—	149
Western Mut., Iowa	2,783,249	1,423,095	51.0	258,368	977	673	1,131
Western Reserve	696.881	355,713	51.0	—30.791	265	177	253
West. States, Ill.	1,977,214	1,018,727	51.2	—12,116	793	448	735
Wolverine Mut.	635,988	356.484	56.1	—34,509	183	145	307
Worcester Mut. Fire	1,529,453	716 938	47.0	—101.346	—	—	1,529
Wyo. Farm Bur. Mut.	880,417	536,955	61.0	114,836	271	124	483

*formerly Perkiomen Mut.

Auto Experience In 1960 Of Reciprocal And Lloyd's Insurers

	1960 Total Earned Prems. $	Total Incurred Losses $	Loss Ratio %	Incr. or Decr. in Prems. $	BI Earned Prems. $ (000 Omitted)	PDL Earned Prems. $ (000 Omitted)	PHD Earned Prems. $ (000 Omitted)
Auto Club, Mo.	6,045,060	2,643,276	43.7	71,560	3,102	1,060	1,882
Auto Club, So. Cal.	48,827,045	24,069,142	49.0	4,939,659	20,735	10,744	17,447
Auto Exch., Cal.	196,403	93,376	47.5	12,433	—	—	196
Berwind Exchange	5,491	476	8.7	—43	—	—	5
Cal. Cas. Indem. Exch.	7,311,188	3,327,554	45.4	833,988	3,665	1,266	2,378
Cal. State Auto	31,891,024	15,907,143	50.0	3,023,356	17,249	5,484	9,157
Carriers Exch., Ia.	1,716,196	990,409	57.9	—149,452	1,150	459	106
Cas. Recip. Exch.	2,304,167	1,327,770	57.3	—405,112	1,281	570	452
Chicago Motor Club	11,263,283	7,044.326	62.9	228,487	5,375	1,982	3,905
Comml. Unds., Mich.	435,341	306,916	70.4	20.389	209	106	119
Consolidated Unds., Mo.	4,091,733	2,278,038	55.9	510,571	2,063	818	1,209
Cons. & Dist. Exch.	629.806	267,781	42.5	30.783	—	—	629
Detroit Auto Club	43,585,395	28,024.616	64.4	2,978 611	13,476	8,679	21,429
Erie Exchange	11,923,678	7,143,067	59.9	1,163,329	5,283	2,840	3,799
Farmers Auto., Pekin	6,170.626	2,916.475	47.1	479,037	2,606	1,128	2,435
Farmers Exchange, Cal.	124,239,001	72,538,926	58.5	4,113 652	57,157	22,466	44,614
Gov't. Serv., Tex.	883,440	494,913	56.1	304,059	372	302	208
Int. Auto Ins. Assn.	2,778,767	1,302,447	47.0	869,489	913	1,602	262
Internat'l Lloyd's	228,433	93,981	41.2	63,314	81	52	92
Lloyd's, N. Mex.	365,571	202,635	55.3	75,439	—	—	365
Lloyd's, N. Y.	71,579	33,165	46.3	9,721	—	—	71
London Lloyd's, Ill.	1,913,885	—435.283	—	—1,042.271	969	341	603
London Lloyd's, Ky.	350,657	—10.416	—	72.340	46	15	289
Mfrs. & Whlslrs. Ind. Exch.	1,330,144	810,482	60.8	141,022	560	318	451
Md. Ind. & Fire Exch.	504.067	285.239	56 5	—180.927	285	196	22
Motor Club, Neb.	822.438	429,018	52.0	60.819	284	173	364
National Unds., Mo.	194.596	100,467	51.5	—33,430	52	62	79
Old Line Auto, Ind.	415.416	387.531	93.4	34.452	167	137	109
Prairie State Fmrs., Ill.	433.343	266.366	61.4	119,047	156	94	181
Pref. Exch., Wash.	1,950,333	1,169.639	59.5	—237.447	662	380	907
Rural Exchange, Ill.	360.186	220.230	61.0	—154.998	215	88	47
South Texas Lloyd's	2,182,040	951,242	43.6	—147,110	—	—	2,182
South States Exch., Va.	37.534	22.841	60.7	8.243	—	—	37
State Auto, Ind.	14,602.440	10,394.096	70.5	340.026	5,735	3.631	5.235
State Auto & Cas., Ia.	8,807.952	4,686.831	53.1	832,123	3,502	2,020	3,284
Teachers, Cal.	860.714	422.310	49 2	229.622	335	159	365
Temperance Exch.	836.769	474.210	56.6	—18.175	344	208	283
Truck Exchange	27,131.902	17,394.667	63.9	348,183	12,791	6,590	7,749
Twentieth Cent. Exch.	320.494	253.430	79.0	44.406	147	67	105
Union Auto Indem.	3,249,172	1,514,526	46.6	—648 973	1.319	692	1.236
United Services Auto	45.234.799	21,988.316	48.5	3.832.978	19,079	7,935	17,619
Univ. Unds., Mo.	5,936,271	2,093,109	35.1	1,071,546	—	—	5,936
Totals	422,436,369	234,424,333	55.4	30,692,219	181,938	82,592	157,873

Anderson New President Of Texas Agents

(CONTINUED FROM PAGE 13)

mium and the use of effective letters for collection were approved. The opinion that the solicitor except in rare cases is not profitable was unanimous. It was developed that the keying of the office force to customer selling is beneficial to the agent and his employes.

"Changing Marketing Concepts and the Agent" was the theme of Dr. John S. Bickley, professor of insurance University of Texas, who presented conclusions drawn from replies to queries which he had sent to company officials. He stated that the trend is toward all lines agencies. The result of all lines selling will be for the agencies to provide one-stop service through providing coverage for all the perils to which the buyer of insurance is exposed, he added.

Predicts More Account Selling

Dr. Bickley said that this will result in the development of more account selling and the writing of all peril policies for the buyer of insurance. He predicted that there will be 60 million families with an income of $7,500 by 1970. He said that this will provide a greater market for the people who are becoming more security conscious and will be asking for complete protection against hazards of property and life.

Dr. Bickley pointed to the increasing interest of college students in the study of insurance and of their desire for security. This, he said, will provide more sophisticated buyers. In this connection, he stressed the interest in insurance of the college student who drives his automobile.

Next, Dr. Bickley emphasized the value of business received directly from old policyholders who have bought property and casualty insurance or who have bought life and health insurance. He viewed those with whom the agent has already established contact as valuable in securing additional business as well as repeat business. He emphasized the value of building the confidence of the buyer in his agent through maintenance of personal contact.

A panel consisting of Bradley Burns, Houston fire and marine manager Maryland Casualty, W. G. Dixon, secretary Trinity Universal; James A. Johnston, casualty and automobile manager Trezevant & Cochran, and Max D. Scott, Houston associate manager, Fidelity & Deposit, with Grant Jones, Abilene, as moderator, took up underwriting problems.

Large Turnout For ICED's Annual Meet; Leddy New President

(CONTINUED FROM PAGE 9)

peated for those who may have missed them the first time around, and then summarized by the workshop leaders in a general session.

James W. Hutchison, Home, and Mr. Cummings moderated the group meeting to discuss life insurance personnel practices. Marvin A. Rusk, Nationwide, and Dr. Robert W. Roop, General Atronics Corp., handled the discussion of teaching machines.

Donald A. Hausknecht, North America, and Andrew S. Daly, IBM, worked with the "in basket" group. The "in basket" technique is rather fascinating. Here a series of case studies are thrown at the student in which he is forced to commit himself to the course of action he would take in the situation outlined. The ultimate purpose of the "in basket" technique is to find out how a manager or supervisor delegates, makes decisions, plans his work, works with his subordinates, writes, and so forth.

The "in basket" is a work sample of what actually occurs on the job. This training method is still very much in the experimental stage. The student is issued a package or envelope of fact sheets which set the stage for him, outline the job situation confronting him, etc. He is then furnished with a full "in basket" of correspondence, memorandums, reports, etc., on which he is to take action. How well he measures up under the test conditions generally provides a pretty accurate line on how he will measure up under actual conditions he will face on the job, Mr. Daly said.

The use of computers as teaching devices was described by Bernard Schorr, Travelers. He and Thomas H. Anthony, North America, led the group discussion of computer problems. Maynard W. Whitelaw, General Adjustment Bureau, handled the panel on adjuster training.

Hazards In Conversion To EDP System Cited At IASA Annual

Insurance companies planning conversion to electronic data processing were cautioned against over-optimism about results by S. Charles Corte, assistant comptroller Continental Assurance, at the annual meeting of Insurance Accounting & Statistical Assn. at Los Angeles.

"Do not be misled into believing that an EDP system is the panacea for your operating problems or that you will effect substantial savings in personnel costs," Mr. Corte said in a talk entitled "Getting Ready For Conversion."

Continental Assurance's experience indicates otherwise, he said. Continental uses an IBM system which represents a complete departure from its former method of maintaining and servicing 400,000 individual ordinary policies. A company contemplating conversion to EDP has a good start if most of its basic information is available on punched cards or some other mechanical record form. Provision must be made to insure accurate transcription of data from cards or manual records, he added.

Favors Strong Pilot Operation

Mr. Corte made a strong recommendation for an exhaustive pilot operation which will give a cross section of the processing problems to be encountered.

On the point of who is going to get the job done, he said that at Continental supervisors were selected from operating departments for both programming and conversion coding. The entire project was the responsibility of the vice-president-comptroller. Coding and control procedures were designed to minimize recruiting and training problems.

Each manual card was coded, checked, and notched. The notch, in the same location at the top of the card, provided instantaneous visual verification that the coding had been done. The accuracy of coding work, said Mr. Corte, is related directly to the quality of the employe.

In order to make certain that all of the 2 million punch cards involved were reliable before being converted to tape, one file—the valuation file which was known to be the most accurate—was selected as the criterion against which all of the other files were matched, Mr. Corte explained. The other files were: Account card, advance deposit, billing (name and address), dividend, loan, premium due, premium master and statistical.

However, even the "blue ribbon" valuation file had some 3,000 stray punches. Discrepancies in matching files totaled approximately 4,000. Even today, after further elaborate control features were introduced into the Continental processing system, "we still occasionally find an isolated case for which we had not provided adequate checks," he said.

Hardware Mutuals Name Two

Hardware Mutuals of Stevens Point have named W. M. Kraus vice-president in charge of commercial lines marketing. John H. Muetterties was appointed associate actuary.

WC Gets Its Lumps From Chicago Lawyer At Adjusters Meeting

Although workmen's compensation is celebrating its 50th birthday this year, not everone coming to the party is bringing a pat on the back—some are ready with a kick in the shins.

Hubert C. Merrick, of Klohr, Merrick, Braun & Lynch of Chicago, did just that at the final meeting of the year of Casualty Adjusters Assn. of Chicago, with James F. Conway, Maryland Casualty, president of the association, presiding over the gathering in his usual affable fashion.

Mr. Merrick said WC has become a "lawyers' paradise." Thirty percent of WC cases do not come before the Illinois Industrial Commission and at least 30% of them are litigated.

Noting that he is not alone in his criticism of many of the act's features (the Wall Street Journal having recently devoted considerable space to a somewhat critical article), the speaker said that overlapping of coverage is a real problem. It is possible for an injured worker to collect benefits from WC, A&S, and pension plans—all from the same occurrence.

Also, there are remarkable variances from state to state in respect to benefits, Mr. Merrick stated. For instance, in Arizona, a worker receives $27,000 for the loss of a hand; while in New Mexico the same injury would occasion only $4,000.

Although WC was originally designed to compensate a worker for loss of earnings, in Illinois the act has gotten about as far from that original position as is possible, Mr. Merrick said. It is, he commented, a good deal more advantageous not to be working.

Looking ahead, the speaker predicted more serious cases with the advent of more nuclear energy work.

Association members were reminded once again of the annual golf outing—June 21 at St. Andrews Country Club.

Calls Major Fires Collective Problem

(CONTINUED FROM PAGE 19)

trary to "there is nothing to start a fire" statements. Ignition sources are portable—welders' torches and smokers' matches, for example. Control of this hazard starts with the quality of installation and maintenance of building and equipment, and education of employes.

—Quick detection of fire is important, but only effective when there is quick response of forces sufficient to control the situation. Protection experts today are relying more and more on automatic detection equipment.

—Combustibles plus ignition promptly detected will not become a catastrophe if proper control has been planned beforehand. Control ranges from extinguishers and employes to fire hydrants and fire departments—all reliable when combined in a good program. The best form of control is still the automatic sprinkler system.

—No conservation program is good without people, from management to workman, who can lead, keep step with changes, make decisions, and above all who are trained in a sound conservation philosophy.

Industrial Fire Protection

One reward from a sound conservation program, Mr. Wahl said, is the protection against an industrial fire catastrophe, with its far-reaching consequences for company, executives, employes and community. Just as important, he concluded, is the feeling of satisfaction which comes to those who operate safe plants.

People might as well get used to the idea of living with missiles and their explosive fuels on their streets and highways, P. H. Strietzel, Aerojet-General Corp., Sacramento, Cal., said before the Fire Marshals Assn. of North America, an NFPA section.

According to Mr. Strietzel, rocket motors used in missiles and their solid fuel propellants have increased so rapidly in size they have outgrown all existing ICC and military specifications controlling safe shipping procedures.

Aerojet's own experience with transporting the rocket motors they make for such missiles as Polaris and Minuteman has been good, he said. Since 1942 the company has shipped over 700,000 rocket motors, containing more then 26,000 tons of solid fuel propellants.

Unpackaged units have dropped 40 feet on concrete, dropped from cargo nets and have been run over by trucks. They have been transported and handled by unskilled labor and transported to locations around the world with no report of trouble, Mr. Strietzel noted. The one essential safety rule is to keep them away from fire.

But newer types of solid fuels for missiles may not be so stable, he warned. Chemists all over the country are trying to pack maximum thrust into every pound of propellant, and all kinds of new components are being developed. Some may be impact-sensitive, or otherwise be subject to detonation under abnormal conditions.

Describes Missile Safeguards

Speaking on the same conference panel was W. J. Burns, managing director Munitions Carriers Conference.

He described the safeguards surrounding the transportation of missiles, which he said actually involved no more hazards than transportation of ammunition and explosives.

Movement of nuclear weapons is a new and relatively unexplored field, Mr. Burns said. While there are additional hazards, the chief risk is in the high explosives contained in the weapon rather than the nuclear material itself. But the plutonium in the atomic warhead is one possible source of serious injury. If there is detonation of the high explosives in the weapon, plutonium particles may be spread and enter the body through the lungs or through surface cuts.

In an effort to control this hazard, Mr. Burns noted, restrictions have been placed on the number of atomic weapons per shipment, so that any plutonium dispersed in an accident is kept below the level of serious injury.

Need Legislative Help

Clothing fires will continue killing people until legislation and education solve the problem. Furthermore, about 1,000 lives are lost yearly in clothing fires, and uncounted thousands more injured and disfigured, Louis Segal, chemist California State Fire Marshal's office, warned.

Mr. Segal said that children and the elderly are frequent victims—children because they are not educated to the hazard, the elderly because they are not alert enough to avoid it.

While the infamous "torch sweaters" of several years ago have been legislated out of existence, there are still many types of fibers, fabrics and clothing designs which mean fire hazard for the wearer. In fact, he said, the only certain non-victims of clothing fires are people who don't wear any clothes.

The speaker described cotton and rayon as the most flammable of all

the fibers, with wool approaching the ideal from the standpoint of clothing fire safety. The synthetics are quite flame resistant, or only moderately flammable.

However, many other factors determine the hazard to the wearer—whether the fabric made from these fibers is light or heavy, loose or close-woven, smooth or with a fuzzy, brushed surface.

Clothing design is important, too, Mr. Segal said. Most clothing fire victims are women, partly because their clothing with wide skirts several inches off the floor and sometimes loose sleeves is a garment far more vulnerable to fire than is most men's clothing.

Improved federal and state legislation to control fabrics used in clothing is needed to make progress on this problem, Mr. Segal declared, and better tests and standards as well.

However, in his opinion, the basic solution is to educate people. "We must educate the fabric manufacturers, certainly, and we must educate the garment manufacturers. But most important, we must educate our people, and especially our children."

Know Flammable Fabrics

Ideally, people should know enough about the most flammable fabrics and designs to avoid them. But, concluded Mr. Segal, it would be substantial progress if people simply recognized that their clothing can burn and accordingly kept a respectful distance from sources of ignition.

Deaths in home fires could be sharply reduced if families planned ahead of fire emergencies, Percy Bugbee, general manager National Fire Protection Assn., stated. The great majority of the 6,000 lives lost yearly in home fires could be saved if people had some elementary understanding of common fire hazards and had planned what to do in case a fire broke out.

Mr. Bugbee called the high level of home fires and home fire deaths one of the major problems this country must solve. Authoritative NFPA estimates show that fire strikes more than 550,000 homes annually in the U.S., causing over 6,000 deaths. Almost 30% of the fatalities are children.

Mr. Bugbee said that the most important items in a family's planning for fire are quick and safe routes of escape from every room in the house. Make sure these routes are rehearsed regularly and by all members of the family, he urged, "so there will be no confusion or panic when they need to be used."

Mr. Bugbee was critical of much modern home design because it increases hazards to life in the event of fire. Many modern homes are of the so-called open plan where partitions between do not go up to the ceiling, and this type of construction lends itself to rapid fire spread. Small windows set high up in a bedroom may be attractive; but they may be deadly in case of fire. Every bedroom of every home should have at least one window that is easily opened, that is low enough and big enough so anyone can get out through it.

Mr. Bugbee said a particularly urgent need is expansion of programs at the local and state level to teach children the simple rules of fire safety. More than anything, everyone should redouble efforts to reach children. The youngsters now being taught fire safety are interested and responsive.

May Start Chain Reaction

Any fire in industry hurts; but in a large, complex industrial organization, even a small fire may set off a chain reaction affecting thousands of workers and millions of dollars.

This is why General Motors is thoroughly organized to protect plants and people from fire, according to Clyde W. Truxell Jr., general manager of GM's Detroit diesel engine division.

Mr. Truxell cited General Motors' Livonia transmission plant fire of 1953 as a tragic illustration of his point. Immediate consequences were the huge direct losses of investments in plant and equipment, and loss of jobs for hundreds of workers. In short order, there was stoppage of assembly operations at Cadillac, Oldsmobile and Pontiac, cutbacks at other GM divisions supplying other components for these makes, shutdowns in plants of outside suppliers, affecting thousands of additional workers. In addition, thousands of GM dealers lacked cars to sell, costing dealers and their employes sales and income. There was also the excessively high cost of the crash program to fill the void left by the fire.

Marked Turning Point

The Livonia fire, Mr. Truxell stated, marked a turning point for General Motors and for industry in general. Plant design has been reexamined, to find better ways to confine fire to its point of origin, and to make the plant interior accessible for fire fighting. Plant protective equipment has been reevaluated, so that complete automatic sprinkler systems, along with emergency roof vents, are now a must even in so-called "fireproof" buildings.

General Motors has very nearly completed the huge and tremendously expensive program to incorporate these ideas into all its plants, Mr. Truxell said. This has been done in combination with new plant fire brigade setups, control and reduction of combustible materials and supplies, and a comprehensive program of employe education in hazards.

Perhaps even more striking, Mr. Truxell concluded, is the fact that "GM employes today are safer at work than at home."

Cleveland Marines Name Johnson Skipper

Mariners Club of Cleveland elected Ralph Johnson, Royal-Globe, skipper at the May meeting.

Other officers: Stephen W. Heck, Appleton & Cox, first mate; Gerry Coghlan, Boston companies, purser-yeoman, and Robert Barberi, Fireman's Fund, jimmy long legs.

The association's annual golf and yachting outing will be held June 16.

Royal-Globe Names Gibbons

Royal-Globe has appointed John D. Gibbons marine special representative for the New York metropolitan and suburban area. He joined the company in 1953 and has received training in cargo insurance and marine lines.

Transportation Mutual has elected Clark W. Davis a director to replace Ralph Earle, who resigned because of ill health. Mr. Davis is general manager of Du Pont Co.'s industrial and biochemicals department.

Mutuals Raise M&C Rates And Make OL&T Changes

Mutual Bureau has raised M&C BI rates 15% in Alabama, Arkansas, Arizona, Georgia, Minnesota, Nevada, New Mexico, Rhode Island, Utah, West Virginia and Wisconsin. Rates are down 10% in Nebraska and 3.2% in Kentucky. In Kentucky, OL&T BI rates are increased 29% on theatres.

The bureau has revised classifications, rates and minimum premiums for OL&T on amusement parks and amusement devices for the 1961 operating season. The revisions have been approved in all jurisdictions except New Jersey, Michigan, South Carolina and West Virginia where they are pending, in New York where a similar schedule has been in effect since 1955, and in Texas where such exposures are individually rated.

Central Ia. Health Agents Pick Rice For President

R. Edward Rice, American National, has been elected president of Central Iowa Assn. of Health Underwriters. Other officers are Curt Harvey, Mutual of Omaha, vice-president; Bernard Kirke, Continental Assurance, treasurer; and Miss Katherine Kountz, State Auto, secretary.

Berkshire Mutual Fire has changed its name to Berkshire Mutual Ins. Co.

Pinpoints Differences In Rate Law Proposals, Cites Ideal

(CONTINUED FROM PAGE 8)

that "no rating organization should have status as an aggrieved party with respect to any rate or rate filing either in effect or before an insurance commissioner for consideration."

National Board Difference

4. Deviation—The California law and Kefauver bill make no provision for the filing by an individual insurer of a deviation from bureau rates. Under both laws, each bureau member and subscriber has complete freedom to obtain any or all bureau services and at the same time employ independent rates to whatever extent it sees fit. The NAII bill allows the filing of a deviation by any bureau member or subscriber, but puts such a filing on the same basis as any other filing. It does not permit a bureau to proceed against the deviation as an aggrieved party, does not require prior review or prior approval by the commissioner, and places no arbitrary time limit upon the duration of the deviation.

The National Board bill, however, places the deviation filing in a special category by requiring prior approval of the deviation and allowing the bureau to oppose it as an agrieved party, although no time limitation is placed upon the effectiveness of the deviation. The Gerber committee has recommended that a rating bureau should have no right as an aggrieved party to compel a hearing on a deviation, and that deviations should have no fixed duration.

5. Rate standards—The California law provides that no rate shall be held excessive unless (1) it is unreasonably high for the insurance provided, and (2) a reasonable degree of competition does not exist in the area with respect to the classification to which rate is applicable. The NAII and Kefauver bills adopt the same standards. The National Board bill, however, provides that no rate shall be excessive unless the commissioner establishes that (1) a reasonable degree of competition does not exist with respect to the kind or class of insurance to which the rate is applicable, and (2) the use of the rate will result in excessive underwriting profit for such kind or class of insurance.

Vary In Definition

In respect to the definition of "inadequacy," the bills also differ. The California law provides that no rate shall be held to be inadequate unless (1) it is unreasonably low for the insurance provided, and its continued use endangers the solvency of the company, or (2) it is unreasonably low for the insurance and its use will have the effect of destroying competition or creating a monopoly. The NAII and Kefauver bills provide that no rate shall be held inadequate which, upon reasonable assumptions of prospective loss and expense experience, will not produce an underwriting loss. The National Board bill provides that no rate shall be held to be inadequate which, upon reasonable consideration of past and prospective loss and expense experience, will produce a reasonable underwriting profit. The Gerber committee has made no recommendation for defining "inadequacy" or "excessiveness" of rates.

6. Rating bureau assessments—The California law and the NAII bill permit reasonable bureau rules, but do not specifically deal with bureau assessments for use of bureau services. The Kefauver bill allows "reasonable assessments upon members and subscribers," but requires that rates of assessment be applied uniformly and prohibits assessment of a subscriber for classes for which it does not subscribe. The National Board bill requires "any insurer which utilizes any part of the filing by use thereof" either to subscribe for such services or to compensate the bureau in accordance with reasonable rules adopted by the bureau. The Gerber committee has expressed no views on rating bureau assessments.

7. Auditing of policies—The California law and the Kefauver and NAII bills have no specific provision for the checking of policies to determine compliance with lawful rates. The National Board bill, however, allows bureaus, subject to approval by the commissioner, to provide by rule for the auditing of policies.

8. Advisory organization regulation —The California, NAII and National Board bills, generally speaking, provide the same type of regulation for advisory organizations as does the all industry law, which imposes considerably less regulation on such organizations than it does on rating bureaus. The Kefauver bill would supervise advisory organizations more extensively, making them subject to regulation similar to that applied to rating bureaus. While the Gerber committee has made no recommendation regarding regulation of advisory organizations, Commissioner Hammel of Nevada, when president of NAIC, suggested mandatory examination of advisory organizations not less than once each five years.

Mr. Epes noted that it is well established that rate regulatory statutes should be applied so as to interfere as little as possible with the inherent rights of freedom of contract and freedom to compete. No restrictions on such rights should be read into the statutes by implication, and any statutory ambiguities should be resolved in favor of these rights.

It follows that a strict technical construction, which would defeat the rights of freedom of contract and freedom to compete, is not appropriate to rate regulatory statutes.

Mr. Epes said that the various proposals for a new model rate law all embody the fundamentals upon which he believes such a law must be based. A reconciliation of the differences which he described in certain provisions is not only well within the realm of possibility, but can be anticipated with some confidence.

The best ultimate good for the public will come from a soundly conceived statute of this type with wise and fair administration. To the extent that recent studies of regulatory laws and their administration lead to this result, they will serve the cause of state regulation, Mr. Epes concluded.

Reed Elected President Of Neb. Institute

At the May meeting of Nebraska Insurance Institute, Grant Reed, Midwest Life, was elected president succeeding Edward Muffit, United Benefit Life. Elected secretary-treasurer was Vernon H. Wood, Woodmen of the World, Omaha.

Otto Haakenstad, president Western States Life and president American Life Convention, spoke on some of the more important problems facing the insurance industry this year.

Philadelphia Wins U. S. Chamber Top Fire Safety Award

Philadelphia was the repeat winner of the grand prize in the U.S. Chamber of Commerce's 1960 fire safety contest.

Class winners were Baltimore for cities with more than 500,000 population; Dayton, 250,000-500,000; Hartford, 100,000-250,000; Billings, 50,000-100,000; Muskegon, 20,000-50,000, and Port Angeles, Wash., under 20,000. Hartford and Billings were also repeat winners.

Honor awards for cities over 500,000 went to Cincinnati, Boston, San Diego, Detroit, Chicago, New Orleans, and St. Louis.

In the 250,000 to 500,000 category, winners were Fort Worth, Omaha, Louisville, Memphis, Akron, St. Paul, Indianapolis, Tulsa, Norfolk, and Columbus. The 100,000 to 250,000 award winners were Providence, Chattanooga, Baton Rouge, Jacksonville, Lansing, Topeka, Grand Rapids, Beaumont, New Haven, and Nashville.

Other Winners

Other award winners for the various classes were: From 50,000 to 100,000: Racine; Portland, Me.; Hayward, Cal.; Richmond, Cal.; Alexandria, Va.; New Rochelle; Cedar Rapids; Evanston; High Point, N.C., and Schenectady.

From 20,000-50,000: Wausau; Richland, Wash.; Fargo; Watertown; Columbus, Ind.; Killeen, Tex.; Whittier, Cal.; Anderson, Ind.; Beloit; and East Point, Ga.

Under 20,000: Great Bend, Kan.; Valley City, N. Dak.; Newton, Kan.; Sparks, Nev.; Springdale, Ark.; Albany, Cal.; Monroe, N.C.; Stevens Point; Cleveland, Miss.; and Marinette, Wis.

Bills In North Carolina

A non-can auto liability bill passed second reading in the North Carolina house by a one-vote margin. Third reading has been postponed, and there are indications that the bill eventually will fail.

Another bill has been introduced which would make it unlawful to cancel, refuse to issue or increase the premium on an auto liability policy simply because the policyholder or applicant is 65 or older. The measure contains provisions that insured must have a valid driver's license and must not have any physical or mental defects which would impair his ability to drive.

Identical bills have been introduced in the house and senate, and referred to the finance committee, to amend the 1959 firemen's pension fund act. First in a series designed to protect the act against assaults on its validity, the bills would delete a provision which exempts fire and lightning policies sold in unprotected areas from a 1% premium tax levied for support of the pension fund.

Arson Expert Addresses Western Loss Group

John Kennedy of General Investigations addressed the Western Loss Assn. meeting May 18 at Chicago on "Affixing Responsibility for the Fire or Explosion."


John Kennedy

He pointed out that in the investigation of a fire or explosion for subrogation possibilities it must be determined how the ignition was supplied and who was responsible. Several case histories were cited to illustrate this and other points. In one serious fire in the Chicago area the preponderance of evidence showed that an independent contractor's use of an acetylene torch had supplied the ignition, but after careful investigation it was determined that the fire would not have occurred if the building owner's management and employes had not negligently employed an unapproved cleaning fluid or solvent. It was determined that the negligence in this instance was not that of the person supplying the ignition but that of the person supplying the fuel and vapors.

In another example he explained that after an explosion in a manufacturing plant it was determined that the source of ignition was an innocent pilot light in an appliance. After an exhaustive search it was discovered that gasoline from a leaking tank had seeped through the ground and into the basement of the manufacturing plant, causing an accumulation of explosive vapors. These vapors were ignited by the pilot light causing a serious explosion and fire. In this instance the gasoline tank belonged to the owner of an adjacent premises and successful subrogation was conducted.

IDEA Elects At Chicago

Insurance Distaff Executives Assn. of Chicago has elected Carole DiCicco of Starkweather & Shepley president; Barbara Lorenz, A.D.T., vice-president; Edna Smith, Fred S. James & Co., recording secretary; Loraine E. Young, Hartford Fire, corresponding secretary; Mary Lamont, Illinois Inspection Bureau, treasurer, and Lolita J. Cromer of Leslie H. Cook historian. Marcella Adler of London & Lancashire and Mary Zola, Lannen & Co., were named to the executive board, and Elynore Larson, Alfred M. Best & Co., Charter Member Fund director.

Sidney Samson has been appointed production manager of Key Exchange of San Francisco. He formerly was production manager for All Coverage Exchange in Los Angeles and prior to that was president of Insurance Service Co. of Van Nuys.

Hartford Appoints Three, Moves One

Hartford Accident has named Robert F. Lloyd manager and Robert R. Riley agency superintendent at Cincinnati. Mr. Lloyd joined the company in 1939 and is past president of Cincinnati Assn. of Casualty & Surety Managers. He succeeds John W. O'Connor, who manages the burglary and glass department at the home office.

Mr. Riley, who joined the company in 1949, was a claims adjuster at Kokomo before being named special agent for southwestern Ohio with headquarters at Dayton.

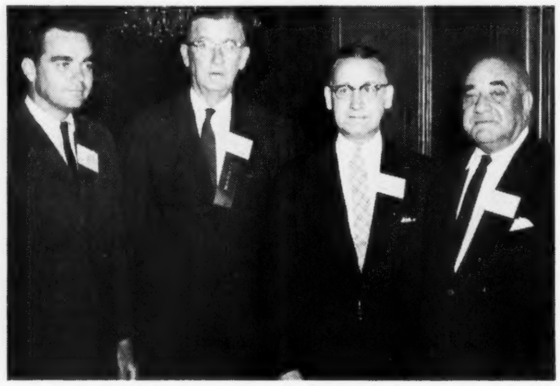
Albert A. Strelecky has been transferred from the home office fidelity and surety department to the bond department of the central office.

Neilan Elected By Citizens Casualty

Citizens Casualty has elected J. A. Neilan assistant secretary in charge of fire, inland marine and multiple peril underwriting. Before joining the company he had been with Norwich Union, since 1941.


J. A. Neilan

Bruce Smith, executive secretary of NAIIA; Mrs. Smith; Mrs. J. H. Wolf; J. Henry Wolf of Caldwell Claims Service at San Antonio and new regional vice-president of NAIIA for the southwest.



William A. Bruckmann Jr., Wm. A. Bruckmann & Co., East Orange, N. J.; William A. Bruckmann Sr.; Elmer C. Mulder of Pacific National, and Samuel Levin, popular Chicago insurance attorney and senior partner of Levin, Upton & Glink.

Joseph M. Cashin of Joseph M. Cashin Associates, East Orange, N. J., Betty Ingersoll of John Roane Inc., Baltimore; John Roane, Baltimore, a past president of NAIIA, and Robert M. Hill of Robert M. Hill Co., Detroit, another past president.

William C. Couch of Couch Adjustment, Hammond, Ind., chairman of the NAIIA education committee, and Dr. John Hall of Georgia State College, educational consultant to NAIIA.

Mr. and Mrs. Oled Carlson of A. M. Best Co., host at a reception for the adjusters Wednesday evening.

Stephen Scibal of Scibal Adjustment, Atlantic City, with Mrs. Scibal; Mrs. Chester Oliver and Chester Oliver, vice-president of Scibal Adjustment at Philadelphia.

Mrs. Jack Hill and Jack Hill of Jack Hill & Co., Santa Ana, Cal., with Mrs. Mary Ewing and Glen L. Ewing of Motor Vehicle Casualty.

John R. Miller, Jack C. Neer Co., Portland, Ore., with Mrs. Miller; Mrs. Marjorie Neufeld and Vernon Neufeld, Brown Bros., San Francisco.

Mrs. John Milot and John Milot of Wilkins & Milot, Seattle, and Mrs. Scott Wetzel and Scott Wetzel of Scott Wetzel Co., Salt Lake City.

Hospitality committee: F. J. Foley of Foley Adjustment Bureau, South Bend, co-chairman of the convention; Mrs. R. L. Lynch and Ray L. Lynch of R. L. Lynch & Co., Springfield, convention committee chairman, and Mrs. Leo Walsh and Leo Walsh of Leo Walsh Co., Chicago, co-chairman.

500 Attend NAIIA Chicago Annual

Lemmon Lauds NAIIA Service, Professionalism, Independence

"Independence, Professionalism and Service" was the topic of the address given by Vestal Lemmon, general manager of National Assn. of Independent Insurers, who said he thought that NAII as a whole was acquitting itself very well on all three counts. "I salute your great organization for its robust spirit of independence, its profound sense of professionalism, and its constant dedication to service."

Have Common Independence

Independence, he said, is one of the many things that NAIIA and his organization have in common. Recognizing this, the two associations have maintained a close working relationship on such matters as legislation, claim practices and adjuster training. Referring to mutual cooperation in legislation, he said that the associations had been generally successful in keeping legislation from transcending reasonable bounds.

A field of great importance to both organizations is plaintiff legislation. To date there are at least 27 comparative negligence bills, 19 bills to increase or remove wrongful death limits, 18 to impose restrictions on obtaining releases or statements from parties involved in accidents, 13 to provide for interest penalties against insurers, 9 to require disclosure of liability policy limits, 7 to repeal guest statutes, 6 to permit recovery for loss of consortium, and 5 to provide for direct actions against insurers.

Assault Liability System

Mr. Lemmon said that both NAIIA and NAII are fighting assaults on the liability system and the sound, long established claim handling practices under that system. He said he hoped that the more responsible and far-sighted elements of the plaintiff bar will realize that their spokesmen are leading them straight along the road toward a commission-type system of compensation without fault, and he referred to the type currently under study in California.

"But history has demonstrated that bad systems often owe their origin to the abuse of good ones. The badly battered fault doctrine cannot be stretched indefinitely, the verdict spiral cannot soar interminably, the roadblocks to orderly and expeditious investigation and disposition of liability claims cannot be piled up endlessly without danger of catapulting us into a compensation system regardless of anyone's wishes," he declared. He said he hoped that the cooler heads of NACCA would temper some of the more radical proposals and programs of that group, but meanwhile, "we shall continue to keep our powder dry."

Independent insurers and independent adjusters, in their preoccupation with NACCA bills, must not overlook other types of legislation which are inimical. He cited insurance department rules which unreasonably deny or delay licensing by companies of certain types or sizes. Some states flatly prohibit licensing of reciprocals, and other states will not admit any insurer until it has been in business upwards of three years.

The independent adjuster's own stake in this struggle is self-evident. "If your state arbitrarily and unreasonably prevents sound, well-managed companies from expanding their operations into your state, you are obviously suffering a loss of potential customers. This is particularly so if it is the small and medium-sized independent companies which are being excluded," he explained.

Gives Other Loss Causes

The independent adjuster also loses business if the local circumstances force any of his company clients to withdraw or sharply restrict their underwriting in his territory. This situation can result from an epidemic of claim frauds, and unethical medico-legal practices, he said, referring to situations which existed in Dade County, Fla., and Washington County, Pa. This can also occur when the insurance commissioner arbitrarily denies needed rate increases or when legislatures impose heavy burdens on insurers such as unreasonable special deposit laws.

"Whatever the cause, your business suffers a setback if some of your customers pull up stakes," he said. It, therefore, behooves each independent adjuster to keep his ear to the ground and know what is going on in the legislature, the insurance department and the courts of his area of operation, which might adversely effect his clientele."

Discusses Rating Bureau Issue

Another matter in which the independent adjuster has an indirect but vital interest is the issue of whether a company shall be forced to belong to rating bureaus, Mr. Lemmon said. Mandatory bureau membership, which is required in some states, is contrary to the expressed intent of public law 15, and "neither you nor I would want the day ever to come when the independent company as such disappears and the fire and casualty companies universally belong to rating organizations."

Bureau affiliation for rate making purposes lends itself to the bureau concept in claims adjustments. NAII, on the other hand, has never entertained any serious thought of organizing an adjustment bureau, nor will it so long as its companies remain independent and the independent adjusters continue to give excellent service, he said.

Invigorating competition in which independent adjusters are constantly vying with one another for patronage is the greatest assurance companies have of continuing to receive top-notch adjusting services at fair and reason-

(CONTINUED ON PAGE 53)

Pictures on the opposite page and on pages 52 and 54 were taken at the three social events of the NAIIA meeting—the reception the first evening sponsored by the association; the A. M. Best Co. reception the second evening, and the reception preceding the banquet the final evening. All identifications are left to right.

Claim Managers' Panel Discusses Adjustment Of Casualty Losses

Casualty loss adjustments were the subject of a panel discussion by insurer claim managers Thursday morning. The panel was moderated by Thomas E. Foley, Foley Adjustment Bureau, South Bend, and participants were James F. Conway, Maryland Casualty; W. C. Dillon, Security Mutual; Arthur Sforza, Zurich; Blanche Spradlin, Oklahoma Farmers Union; and Norman Young, Transport Indemnity.

Digest Of Qs And As

Following is a digest of some of the questions and answers.

Q: Assuming a load of sand on a semi-trailer did not unload by gravity as intended and the weight of sand caused the trailer to twist and become upset when the hydraulic lift mechanism raised to its highest point, would total loss on this trailer be accepted under a collision coverage?

CONWAY: Yes. It would be covered under the collision and upset provisions of the policy.

Q: Should plaintiff's counsel be furnished with a copy of an independent medical report when it is demanded? What if no offer to reciprocate by claimant's counsel?

SFORZA: Generally there is no reason for not exchanging medical information. If there is no offer for reciprocation, the information should be withheld from plaintiff's counsel.

Q: An insured contracting firm, moving track rail from a hoist to a freezer in a supermarket, had to cut supporting bolts with a torch through a panel wall. An insured employe set fire to the panel wall around the bolts and before it could be controlled, fire damage approximating $2,500 ensued. Is the property damage in the care, custody and control of insured?

DILLON: Yes.

Q: A patron of a dancehall was bumped by another patron and, losing her balance, fell and was severely injured upon striking a concrete, sand-filled urn for cigarettes and cigars. Action was filed against the operator for negligence in that the urn had serrated edges and was dangerous. What is the liability in such a situation?

DILLON: There is no liability because the accident was caused by a bump from another patron and the urn was only the instrument of injury.

Q: A claimant, waiting for a service station employe to change and repair

(CONTINUED ON PAGE 55)

Adjusters Advance Wellborn To Helm Succeeding Hazzard

Map Plans To Establish Advisory Boards Of Insurer Representatives

By RICHARD G. EBEL

Plans for regional and national advisory boards of insurer representatives were laid and progress of other existing programs were reviewed last week at the annual convention of National Assn. of Independent Insurance Adjusters at Chicago. A splendid turnout of 502 assured sizable audiences for harassed speakers who had to contend with the boiler factory atmosphere of the Sheraton-Chicago Hotel, where construction and remodeling was loudly proclaimed by hammer, saw and drill.

A routine but important event of the meeting was the election of a new president, this being H.B. Wellborn of Wellborn & Co., Hattiesburg, Miss. He succeeded L.B. Hazzard of the New York firm bearing that name.

To Consider Advisory Boards

The executive committee approved plans to study possibilities of setting up regional and national advisory boards composed of insurance company personnel. Acting as a liaison between insurers and adjusters, the boards would provide adjusters with the company viewpoint on problems of mutual concern. This would be relayed by a national board of representatives selected from the regional conferences, and the company thinking and recommendations would be presented at the adjusters' annual meeting. Details of the program will be worked out during the year, and it is expected that the first advisory report will be ready for the 1962 convention.

The association's new on-the-job training program, which will also be available to non-members, is progressing satisfactorily, and the text material should be ready by next spring. Four of the five members of the advisory committee have been named, and they will confer with Dean Harry J. Loman of the American Institute on the courses. They are Ralph A. Ashton, educational manager of Maryland Casualty; Paul I. Thomas, vice-president and general adjuster of

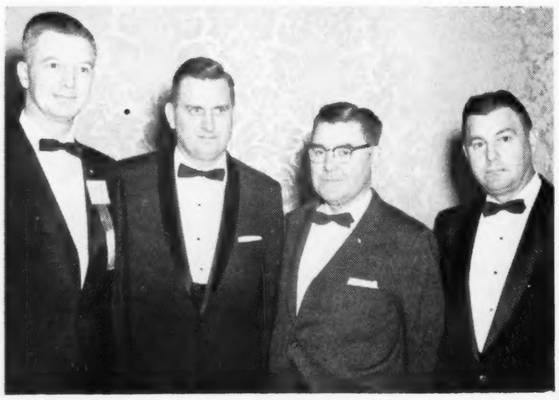
(CONTINUED ON PAGE 55)

James J. Hermann of James J. Hermann Co., Chicago, with Mrs. Hermann; J. P. Williams of American Fire & Casualty, and James E. Gay Jr., Gay & Taylor, Winston-Salem, N.C.

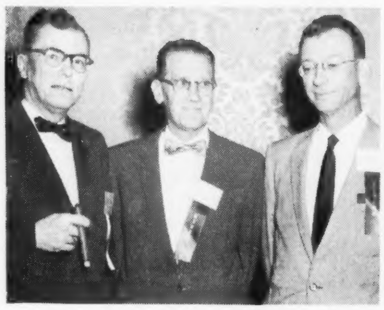
Mr. & Mrs. J. N. Christensen of J. N. Christensen & Co., Palo Alto, Cal.; Mr. & Mrs. Randy Howorth of Brown Brothers Adjusting, Los Angeles, and Mr. & Mrs. Stephen S. Johnson of the Johnson Co., Marquette, Mich.

Mrs. Rex Mendenhall and Rex Mendenhall of Mendenhall Adjustment Service, Dayton; with Paul Funk of Funk Claim Service, Terre Haute, and Mrs. A. G. Hawthorne and A. G. Hawthorne of Alliance Ins. of McPherson, Kan.

Horace C. Irwin of Adjustment Service Co., Jacksonville, Fla., with Richard F. Sawyer of that company, and Mrs. and Mr. Leon Dunham of Light Adjustment Co., Little Rock.



Norman N. Doke of Eddy-Doke Associates, Wichita; A. C. Dyer of Agency Claims Service, Kansas City; Louis R. Light of Light Adjustment, Little Rock, and Leon Dunham of Light Adjustment, Little Rock.



Mark Gray of Armstrong, Gauss, Hudson & Kightlinger, Indianapolis attorneys; I. I. Probst of Lally Adjustment Bureau, Miami, and R. S. Deneen of Lally Adjustment.

Clifford C. Johnson of the Peoria law firm of Heyl, Royster & Voelker; Robert Stambach, Farmers Auto of Pekin, Ill., and Jack M. Van Hoose, R. L. Lynch & Co., Springfield, Ill.

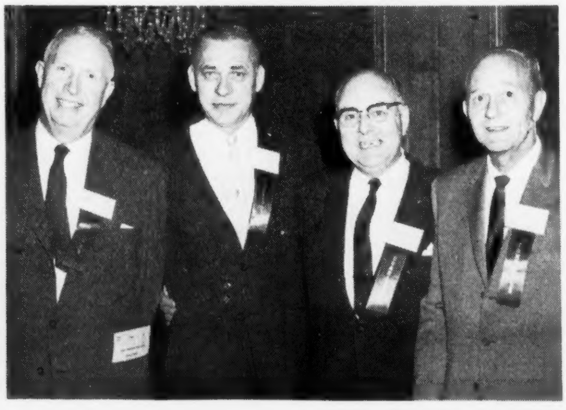
L. F. Hayes of Underwriters Salvage Co., New York; Warren W. Finke of Underwriters Salvage, San Francisco; Leo G. Kalen of F. J. Foley & Co., Indianapolis; Mrs. Kalen, and Stanley R. Bass of Main & Baker, Minneapolis.

E. H. Bockius of E. H. Bockius & Co., San Francisco, a past president of NAIIA; Mrs. Gordon Davis and Gordon Davis of Mutual Loss Research Bureau; and Mrs. E. H. Bockius.

David Tressler, president American Mutual Reinsurance, with Mrs. Ted Brown and Ted Brown of Brown Brothers Adjusters of San Francisco.

D. B. Caldwell of Don Caldwell & Co., San Antonio; John W. Axe of Axe & Heaton, Austin, and Ted H. Heaton of Axe & Heaton.

James J. Hermann Jr.; Mrs. Hermann, and Mrs. and Mr. James J. Hermann Sr., all of James J. Hermann & Co., Chicago.



Frank Rich of Evans Adjustment, Toledo; W. A. Bowman of Valley Adjustment, Portsmouth, O.; Paul C. Evans of Evans Adjustment, and A.D. Aebker of Denton Adjustment, Lima, O.

Voices Need For More Adequate Loss Supervision

A call for more adequate supervision in the adjusting field was sounded by Donald T. Hawkins, secretary-manager of Mutual Loss Research Bureau, who minced no words in his criticism of the practices of some adjusters.

For some years, he said, only "jawbone" supervision has been exercised over the loss end of the business. "I contend people are happier, more efficient and produce better results when they know they are under firm, understanding discipline. The adjusting field is sadly lacking in this respect."

Alarming Decline Recently

Mr. Hawkins reported that the deterioration in loss adjusting standards has been most pronounced since the end of World War II but the accelerated decline in recent years has been truly alarming. He said his office is a veritable storehouse of reports of mishandled claims, overpaid losses, desk-chair settlements of losses running into thousands of dollars, distorted reports to mislead companies as to liabilities, kickbacks from tradesmen, and even of adjusters running their own roofing and contracting firms.

Most distressing of all, he said, is the handling of catastrophes in the past few years. This stems mainly from a lack of forethought and inadequate planning. The trouble comes first from clerical chaos and complete lack of internal control. Most adjusters don't even know how many assignments they have received nor do they attempt to project the number they expect.

A second contributor is the inflow of storm adjusters who too often are engaged without the slightest background check or inquiry into their capabilities.

A third cause, he said, is "that all important powwow of what the traffic will bear—the service billing."

Confusion Is Cause

Fourth, complete confusion resulting in bungled adjustment, misapplication of coverages, inadequate reports, disgruntled insured, dissatisfied producers and disgusted companies. A real 'package' and all for the modest sum of skyrocketing service bills," he declared.

Mr. Hawkins said that until six or seven years ago there was a hard core of conscientious, hardworking and experienced storm adjusters. They are still available but their ranks have been polluted by a sizable group of "avaricious scavengers who know little about building construction or the determination of value or loss and absolutely nothing about insurance coverages or adjusting standards—and they care less. Some of these sycophants arrive fully equipped—with their own billing schedules designed to procure them from $100 to $150 per day, or more—and with their own imported contractors and roofers. Could anything be cozier?"

This lamentable cycle in property loss adjusting, particularly with respect to catastrophes, is drawing to a close, he observed. Companies can no longer tolerate what he called the "looseness, laxity and larceny" to which they have been increasingly subjected. "You will be faced with these alternatives. First, a stepped-up trend toward staff adjusters. Second, those companies unable, or not wishing to employ staff men will pool their losses in organized cadres of ethical, experienced adjusters to represent them during catastrophes."

Mr. Hawkins commented on studies that his organization had made on catastrophe service billing in the independent field. "How many of you enjoy an income in excess of $1,000 per week. Many storm troopers do and we are sad to say it seems the more many of them make, the sloppier their work and the higher is their 'average loss.' It would be laughable if it were not so serious, but many storm troopers have incomes from a partial year's work greater than the presidents of the companies these adjusters represent."

Need Concerted Efforts

He said that increased supervision must come from the concerted efforts of insurers, NAIIA, the adjusters themselves, and organizations such as his own.

"Is it not ludicrous to permit a gang of part-time hangers-on to dictate, even partially, the adjusting policies of a great industry or the cost of loss adjusting?" he asked. "I hope you are unwilling to place your future and your fortune with persons of that ilk. I suggest such individuals will drive business from your offices which you can never regain."

Mr. and Mrs. Robert Rice, Mr. and Mrs. A. M. Rice, and Mr. and Mrs. David Rice, all of Rice Adjustment Co., Milwaukee.

Lauds NAIIA For Service, Professionalism

(CONTINUED FROM PAGE 51)

able charges. "This fact more than any other sets you gentlemen off from your opposite numbers in the adjustment bureaus," he declared.

It is evident that NAIIA is fulfilling its responsibilities as an organization in fostering a high level of professional competency among claims men, Mr. Lemmon said. For years people in the industry have been saying "why in heck doesn't somebody come up with a good comprehensive all-round course in adjusting, available on a national basis to all claims men?" NAIIA is that somebody, he said, praising the association's new on-the-job educational program, which he labeled a "landmark development."

Keep Up Education

Today more than ever it is imperative that the adjuster take full advantage of every educational opportunity, familiarize himself with new forms, keep abreast of interpretive court decisions, be on the lookout for any new statutes governing rules of liability, claim litigation, etc., and remain completely up-to-date on technical developments. "This is a lengthy prescription, but nothing less will equip today's adjusters to wear the badge of competence," he said.

He praised also the association for its adoption and rigorous enforcement of its code of ethics.

Mr. Lemmon noted that price competition and inflation are two forces causing companies to scrutinize carefully every item of expense including adjustment costs. He said that this is evidence, not necessarily of a need for a change in level of adjustment expenses, but of a need for better understanding by company management and the independent adjuster of their own and of each others' operations and problems.

The cost of adjusting can never be considered in a vacuum, it must always be viewed in relation to the service received, he said. He enumerated four items which fall under the category of good service:

Promptness Is Essential

1. Promptness in making contact with insured and other parties involved, carefully investigating the accident, and keeping things moving at every step in the adjustment process.

2. Thoroughness and accuracy in reporting findings to the company.

3. Technical proficiency and a good measure of plain horse sense.

4. A "constant awareness of the golden opportunity for good public relations that is implicit in every contact with the insured."

Adjusters are not expected to make every claimant happy, said Mr. Lemmon. They are expected to leave the claimant as well as insured with a feeling that they have been treated with the courtesy and consideration due them.

Property Loss Panel Answers Questions On Homeowners Cover

A panel on property loss adjustment involving the various homeowners and comprehensive dwelling forms was moderated by Robert M. Hill, head of the Detroit adjusting firm bearing his name. Panelists were James L. Eberly, assistant secretary of Lumbermen's Mutual of Mansfield; Paul I. Thomas, general adjuster Kemper companies; George D. Vail Jr., vice-president of Corroon & Reynolds; and Harry H. Woodward, assistant general adjuster America Fore Loyalty group.

A summary of some of the questions and answers follows:

Q: Insured sustains a $150 loss of metered water when a pipe breaks. Is this loss covered?

THOMAS: The minute the water is metered it becomes a man's personal property and, therefore, it is covered.

WOODWARD: Loss would not be covered because the water is owned but not used.

Q: Would loss of carpetings and draperies come under dwelling or contents coverage?

WOODWARD: Carpeting is definitely contents unless it is in lieu of a finished floor. Draperies would also be contents even though they might be fashion-made and custom-tailored to the house.

THOMAS: Under a more liberal attitude, carpeting might be treated as part of the building. In the case where carpeting is in an odd-shaped room and cut for the registers, it would have no use in any other room.

Q: Would the cost of boarding insured's three hunting dogs come under the additional living expense provision?

WOODWARD: If the dogs were part of the household, they would be covered.

Q: When a drainpipe freezes would the cost of thawing it be covered?

EBERLY: If there is no damage to the pipe, there is no property damage.

Q: If an incinerator chimney becomes clogged so that it causes smoke damage, would that be covered under extended coverage of an apartment building form?

WOODWARD: This would not be covered because it is not a heating or cooking unit.

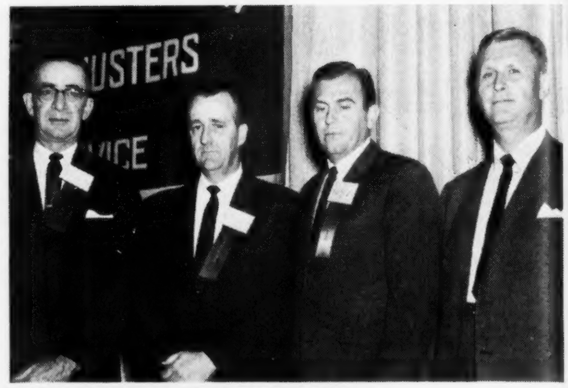
Grandpa Hill Adds One

Robert M. Hill of Robert M. Hill Co., Detroit, while attending the convention, received a wire informing him of the birth of his fifth grandchild, a boy. Mr. Hill moderated one of the panel programs.

Robert Foltz of Spring-field-Monarch, Chicago, with Mrs. Foltz and his brother and sister-in-law, John W. Foltz of Lyle Adjustment, Albuquerque, and Mrs. Foltz. Mr. Foltz is a regional vice-president of NAIIA.

M. R. Mayer, Anderson & Mayer, Sacramento; Mrs. Mayer; Robert L. Gresham of R. L. Gresham & Co., Las Vegas; Mrs. Gresham; L. E. Anderson of Anderson & Mayer; Mrs. Anderson, and Ronald Gallion of Gallion Claims Service, Modesto, Cal.

C. W. Kistler of Kistler Claim Service, Denver; G. B. Martin of United Adjustment of Kansas City; E. C. Childers, Kansas City, and C. H. Runser of Central Mutual of Van Wert, O.



Arthur Mann of Brown Brothers, San Diego; Arthur C. Carr of American Merchants Mutual, Minneapolis; Bela Goncz of Brown Brothers at Van Nuys, and James Blake of Whipple & White, South Bend, Ind.

Peter J. Hopkins, New York, and Christopher Kelly of Chicago, both with Airkem.

Fred Shaver of Auto-Owners; Thomas Clark of Clark Adjusting Service, Madison, and N. E. Clark of Clark Adjusting.

W. A. Bowman of Valley Adjusting, Portsmouth, O.; Karl A. Bushmann, Tennessee Co., Nashville, and Robert Johnson, Progressive Casualty, Cleveland.

Herbert H. Kirschner of Kirschner Publishing, San Francisco, and Mrs. Kirschner.

H. C. Redlich of Merchants Casualty, Chicago, and Mrs. and Mr. R. Beach Mott of R. Beach Mott & Co., Houston.

James C. Greene of James C. Greene Co., Raleigh, N.C.; Mrs. Greene, and Mrs. L. L. Leamon and L. L. Leamon of Leamon Adjustment, Kansas City.

Beryl Duncan and Miss Myrna Hunt of John Hunt & Co., Chicago.

Scott E. Wetzel of Scott Wetzel Co., Salt Lake City, and R. L. Holt of American Fidelity & Casualty.

Mrs. and Mr. J. Mitchell Dickerson of Dickerson & Co., Springfield Ill.; Blanche Spradlin of Oklahoma Farmers Union, and Mrs. and Mr. Charles G. Newton of Newton Claims Service, Cheyenne, Wyo.

H. B. Wellborn Elected To NAIIA Presidency At Successful Annual Parley In Chicago

(CONTINUED FROM PAGE 51)

American Manufacturers Mutual; Robert L. Lusk, educational director of Mutual Loss Research Bureau; and Fred J. Wells, educational director of Crum & Forster.

During the coming year, the Wellborn administration is expected to continue the projects now being undertaken. These include the basic home study course of the educational program, the adjusters' reference guide, the catastrophe kit, the office procedures manuals for property and casualty, and the basic manual of cost accounting procedures. Efforts are also being made to improve the association's quarterly, the Independent Adjuster.

Lemmon Starts Convention

The convention was kicked off by Vestal Lemmon, general manager of National Assn. of Independent Insurers, who saluted NAIIA for its "robust spirit of independence, its profound sense of professionalism, and its constant dedication to service." He noted the close relationship between his organization and NAIIA and the interests common to both, principally in the field of legislation, claim practices and adjuster training. He also praised the association for fostering a professional competency among claims men and a high standard of ethical conduct.

A somewhat less glowing impression of the standards of ethical conduct of many adjusters was given by Donald T. Hawkins, secretary-manager of Mutual Loss Research Bureau, who suggested that some house cleaning was in order. He charged that "avaricious scavengers" have polluted the adjusters' ranks, and he voiced a need for more adequate supervision. Despite his outspoken views, members felt they were not contrary to association sentiments that rotten apples exist and should be purged whenever they appear.

Discusses Electronic Processing

Prof. John W. Hall of Georgia State College of Business Administration and NAIIA educational consultant, attributed changes made in the insurance industry to electronic data processing. This is responsible for the growing number of companies joining in operating groups and merging, because machines demand larger units to operate efficiently, he said.

This "urge to merge" will mean the larger the company the greater the need for staff adjusters and possibly less need for fee adjusters, he predicted. The machine has taken over many of the agent's functions, and if adjusters do not want to be replaced by machines, they will have to perform more efficiently.

Performance is based on knowledge, capacity and motivation, he said, illustrating his remarks on a triangular diagram showing performance, income and the number of people involved. It doesn't take much performance to earn $30 per week, and consequently there are plenty of people with low incomes. Conversely, not too many people deliver the performance needed to procure $30 per hour. However, if adjusters are not professional enough to earn a substantial salary, they are in the wrong field. "Only those who try to improve their performance will have any economic security in the age of the machine," he declared.

The work of the recently organized Defense Research Institute was described by George McD. Schlotthauer, Madison, Wis., who is secretary-treasurer of the organization. He substituted for the scheduled speaker, Lewis C. Ryan, institute president, who died a short time ago.

Defines Institute Purpose

The purpose of the institute, he said, is to increase the knowledge and improve the skills of defense lawyers and to promote improvements in administering justice. To resist NACCA aims and assist defense counsel, the institute is setting up a library of briefs and medical information and an index of expert witnesses. It will cooperate with law schools in developing insurance law courses and will maintain liaison with other lawyers' organizations.

Panel discussions covered adjustments of property and casualty losses. The panel on the latter subject was moderated by Thomas E. Foley of Foley Adjustment Bureau, South Bend. Participating claim managers were James F. Conway, Maryland Casualty; W.C. Dillon, Security Mutual; Arthur Sforza, Zurich; Blanche Spradlin, Oklahoma Farmers Union; and Norman Young, Transport Indemnity. The panel discussing property losses was led by Robert M. Hill of Robert M. Hill Co., Detroit. Panelists were James L. Eberly, assistant secretary Lumbermen's Mutual of Mansfield; Paul I. Thomas, general adjuster American Manufacturers Mutual; George D. Vail Jr., vice-president Corroon & Reynolds, and Harry H. Woodward, assistant general adjuster America Fore Loyalty.

Gerber Appears

Also appearing on the program were Director Joseph S. Gerber of Illinois and Jerome H. Torshen of the Chicago law firm of Clausen, Hirsh, Miller & Gorman, who discussed current problems relating to demand for appraisal.

At the banquet, plaques were presented to Ray L. Lynch, R.L. Lynch & Co., Springfield, Ill., convention chairman; and to co-chairman F. J. Foley, F. J. Foley & Co., Chicago, and Leo S. Walsh, Chicago. Mrs. Walsh also received a plaque as head of the ladies' committee. Outgoing President and Mrs. Hazzard were presented with an antique epergne.

The new president has been a member of the association for eight years. He entered the adjustment business at Texarkana in 1934 and joined General Adjustment Bureau in 1938. He became an independent in 1949.

Other New Officers

In addition to Mr. Wellborn, other new officers are Theodore Brown, Brown Brothers Adjusters, San Francisco, 1st vice-president; and William E. Condray, Berman Condray Inc., St. Louis, secretary-treasurer.

New regional vice-presidents are W. C. Couch, Couch Adjustment Co., Hammond, Ind., central; A.C. Dyer Agency Claim Service, Kansas City, Missouri valley; John W. Foltz, Lyle Adjustment Co., Albuquerque, Rocky Mountain; and J. Henry Wolf, Lloyd Caldwell Corp., San Antonio, southwest.

List Holdover Members

Holdover members of the executive committee are Albert F. Stager, Albert F. Stager Inc., Buffalo, eastern; Louis M. Lehnhard, Lehnhard-Burges Corp., Miami, southeastern; Frank L. Hunter, Arizona Adjustment Agency, Phoenix, western; and Clarence W. Walls, C.W. Walls Adjuster, Portland, northwestern.

Mr. Lehnhard was chosen convention chairman for next year. The meeting will be May 7-11 at the Fontainebleau Hotel, Miami Beach.

Lewis Ross of P. E. Brown & Co., Los Angeles; Fred Carroll of Country Mutual Casualty, and G. L. Hooks of James C. Greene Co., Raleigh, N. C.

H. L. Eddy of Eddy-Doke Associates, Wichita; A. C. Dyer of Agency Claim Service, Kansas City, Kan., and Norman N. Doke of Eddy-Doke.

H. L. Brayton, Citizens Mutual Auto of Howell, Mich., Mrs. Brayton; Mrs. M. M. Johnson and M. M. Johnson of M. M. Johnson Claim Service, Fort Wayne.

OK Four New Members

Four adjustment firms were admitted into membership by the executive committee at the convention. They are Phoenix Adjustment Co., Phoenix; Page & Associates, San Antonio; Northern Claim Service, Great Falls, Montana; and Richard F. Gramly, Blythe, Cal.

Claim Managers' Panel Discusses Adjustment

(CONTINUED FROM PAGE 51)

his tire, was standing at a distance nine to 10 feet away from the employe. The head of the hammer the employe was using flew off and struck the claimant, requiring him to be hospitalized. What is the liability in such a situation and is the claimant guilty of contributory negligence?

SPRADLIN: Liability exists because the owner of a public place owes his customers some degree of care. The claimant is not guilty of contributory negligence.

Q: How can a company enforce the terms and conditions of a policy contract when dealing with a suit by a passenger who is not named insured, his spouse or a relative residing in his household?

SPRADLIN: If the passenger won't go along with the provisions of the policy, the only recourse for the insurer is to seek a declaratory judgment.

Scibal Adjustment Expands

Scibal Adjustment Bureau of Atlantic City in the past year opened three new offices, one of them in Puerto Rico, this being the first adjustment office of a member of National Assn. of Independent Insurance Adjusters in that territory.

Scibal Adjustment is in new general offices in Atlantic City at One South Carolina Avenue in a building in which there are separate facilities for the Atlantic City branch office.

Within the last 12 months, Scibal Adjustment acquired Vincent Scully Adjustment Co. of Metuchen, N.J., which covers central New Jersey. This acquisition gives Scibal complete coverage in New Jersey as well as in Pennsylvania, Delaware, Maryland and Puerto Rico.

Stephen Scibal, president of Scibal Adjustment, has been in the business since 1937.

Arkansas Agents Hold Annual At Hot Springs

(CONTINUED FROM PAGE 2)

the casualty committee. The presentation was made by past president W. G. Cobb, Little Rock, the first recipient of the award after its establishment in 1955.

The convention got underway with the annual business session. State National Director Lawrence H. Derby reviewed recent activities of the national association and reported at some length on last month's meeting in Philadelphia of the NAIA National Board of State Directors at which the issue of no prior approval was the burning topic of discussion.

Reporting for the advertising committe, Vic Shreeve, West Helena, said the association has about 80% of its 1961 quota of $14,000 in the national "Big I" campaign, pointing out that when 100% is achieved 61% of the amount will come back for use in Arkansas. Joe Garrison, Little Rock, of the agents' qualification committee, related how the bill to strengthen the qualification law, principally by establishment of an impartial grading committee composed of industry representatives to assist the department, was defeated by only three votes, despite vigorous opposition.

The report attracting the greatest interest was that of the conference committee, headed by E. Grainger Williams, Little Rock. Citing the change in management of Arkansas Inspection & Rating Bureau last fall, the report said, "We are grateful for the new look and the new effort to find a way to work out our problems under the existing rules."

Recalling that a year ago the committee had warned of the difficulties which would arise under the deferred premium payment (or level premium) plan which came into use with the homeowners policies of February, 1960, the committee said that the DPP's effect is "beginning to manifest itself by the wholesale switching of business as of the anniversary date and the resultant short rate penalty which is hung around the agent's neck." The concern of Arkansas agents over this plan received an attentive and sympathetic hearing from the bureau's board of governors, the committee stated, to the end that there is hope for possible change for "a measure of protection against short rate cancellation and a return to the producing agent of the control of his expiration."

Other matters to which the committee directed attention were a proposal for a continuous direct billing for HO policies apparently to be recommended by Inter-Regional for use in all territories where the 1959 HO policies are effective; operation of the PIP plan in Arkansas, and rate promulgations by RFSO.

Commenting on the improvement in communication between companies and agents, the committee stated, "This year for the first time in the history of Arkansas your committee was invited to meet with the board of governors of the Arkansas Inspection & Rating Bureau. From time to time, representatives of our committee have been asked to meet with members of the board." But the committee decried "a system in a multi-billion dollar business where the sales force learns of changes in policy and procedure when those changes are announced to the public or where the sales force learns of new products and changes in old products when they read about them in the newspapers."

Glen Featherston, Little Rock, for the education committee, outlined plans for the insurance school to be held at the University of Arkansas graduate center, Little Rock, June 19-21. For the public relations committee, Jake Jacobson, Harrison, described the workings of the new Arkansas catastrophe committee in handling press releases and advertising materials concerning storms in the state.

Reviews '61 Efforts

As chairman of the legislative committee, George Frazier, Hope, reviewed the efforts of the association in the 1961 legislative session which resulted in the defeat of a number of bills, compulsory insurance among them, deemed inimical to the insurance industry. He introduced Rep. Sterling Cockrill Jr., a Little Rock agent and member of the legislative, who joined Mr. Frazier in urging on agents the importance of maintaining "vital grass roots contacts."

President P. Gaylon Brown in his report offered a general review of progress during the year, pointing out that "we are developing a better chain of communication between agents and companies. We don't always get what we ask for, but the over-all benefits are useful and to you and me." He reviewed the nine regional schools held last fall to acquaintagents with the then new PIP and safe driver plans.

Representatives of the seven largest local boards plus other interested agents gathered at breakfast the second morning for a round-table discussion of local board problems including use of the new agents' news service prepared by the Insurance Information Institute; eligibility requirements and widening local board membership to include agencies out of the metropolitan area; ways of handling insurance on public property through local board action; local board advertising, and importance of good relationships with legislators.

"What an Insurance Buyer Expects of His Agent" was the subject of C. K. Fierstone, Armco Steel Corp., at the second convention session. Under the headings of knowledge, ability, and integrity he laid out a blueprint for agents in dealing with the professional insurance buyer.

Improper Laws Not To Blame

Hayne P. Glover Jr., Greenville, S. C., member of the NAIA executive committee, expressing his personal opposition to "no prior approval" rate regulation, warned that present difficulties in all the many states requiring rate submission and prior approval before use are not caused by improper laws. "Your present rating laws in general are sound. It's the political aspects that have complicated the matter of adequacy of rates. I am personally confident that no prior approval rating laws would ever remove all those problems. Just think it through," he said.

"On the other hand, I am afraid that under no prior approval laws, politics, the very thing complicating matters under present laws, will in turn, for similar reasons, fail to prevent wide open rate wars, price slashing, chaos, confusion, and resultant insolvencies in both company and agency ranks," he continued. "It could very well mean the elimination of small companies through merger or insolvency and result in a battle of the few giants who are left." He predicted that it might be virtually impossible to get no prior approval legislation passed in the various individual states where a strongly organized, politically powerful, and vociferous agents' association decides to make an all out effort to oppose the issue.

Mr. Glover proposed, as a personal suggestion, a compromise position which he said would prevent all out price cutting rate wars while at the same time giving companies the help they need in the area of inadequacy of rates. "The suggestion, for what it might be worth," he said, "is a possibility of studying and considering as a theory no prior approval for rate increases but retain prior approval for rate decreases including prior approval in the case of any new policies or coverages, changes in forms, or package policies. I am not suggesting a model law be prepared along the lines I mention. I only say this is a possible line of reasoning as a compromise for those who may wish to pursue it."

Commenting on commissions, Mr. Glover said "in the recent past we

have had indications from many producers that with the increasing introduction of lower cost package policies carrying lower commission rates, many agents are finding themselves hard put to pay all of the expenses needed to carry on a business and still retain a decent living for themselves. . . . "We believe it is imperative to call upon the companies for a greater understanding of the agents' problems. . . . Too much emphasis by the companies on commission reduction merely for the sake of commission reduction will hurt themselves as well as the agents."

"We must sell, sell, sell . . . employ hard but smooth salesmanship every time we're in contact with the public," William E. Booth, executive vice president Cherokee, reminded the agents in an inspirational and humorous address on the techniques of successful selling.

Discusses System's Future

A panel discussion, led by Conference Committee Chairman E. Grainger Williams, Little Rock, and with two insurance editors and one company executive, came to grips with the question of what the future holds for the agency system. Richard Budlong, editor the Local Agent, described implications of the proposed Washington, D. C., rate regulatory bill and the present controversy over no prior approval. Two surprises that have come out of this discussion are that the little companies indicate they are not afraid of competition, he said, and that the stock companies came out for the no prior approval concept.

Carl Pearson, editor Rough Notes, felt that the future of the agency system would depend upon its ability to meet the demands of the public. He predicted that the agent of the future may be larger and better informed than his predecessor, perhaps with specialized departments, and will spend more time on selling than has been done before. "We must expect change," he commented. He felt that the companies are not trying to undermine the agency system.

James McKay, vice-president Firemen's Fund, observed that the consumer is price conscious. "What he wants to do transcends what we may want or may like to do," he said. "Only as we please him will we benefit ourselves." Other factors in this background of change facing companies and agents are pressure from direct writers through their selectivity, mass marketing and electronic processing; installment buying, and the interests of stock company shareholders. He defended no prior approval in rate regulation as the method of stock companies maintaining the necessary flexibility to operate against this background. He stressed the close partnership of agents and companies which, he said, of necessity should have a unity of purpose.

—

Deviations Passed In D.C.

North America's new commercial packages have been approved in District of Columbia as deviation filings. The policies in question are apartment owners, office building, motel, and funeral directors. They have already been approved as independent filings in 40 states and Canada.

AMIA Annual Features All-Star Panel

(CONTINUED FROM PAGE 1)

Craugh said the very structure of rate regulation threatens to break down today. Furthermore, some companies, formerly staunch supporters of state rate regulation, are capitulating—perhaps because they have the financial resources to engage in a rate war.

Mr. Parker said that while there is a good deal of disagreement regarding exactly what is wrong in the field of rate regulation, everyone seems in agreement on one point—tremendous confusion abounds. This confusion, he said, must be cleared up or federal intervention is inevitable.

The industry today is faced with countless independent filings, deviations, companies retiring from bureaus, gimmicks in both rates and policies—and all done without the slightest interest in what might be good for the public, he stated.

The confusion which has steadily developed in the automobile business in recent years is now spreading to related lines, Mr. Parker said. And there is no reason why this confusion shouldn't spread in rapid order to industrial and commercial coverages.

Deviations, in particular, are a source of real trouble, the speaker said. In his own state, he has seen many, many variants of the safe driver plan. Two basic homeowners plans have been approved in Virginia, and already many deviations from these plans have been received by his department—with little or no statistics to back up such deviations. Special all-cover policies for churches, motels, etc., are being offered and sold—again with little or no statistics.

Mr. Parker said it is obvious that competition is being placed ahead of everything else. Companies seem concerned with little other than their competitive position. The interest of the public good is hardly considered.

During recent years, state regulation of insurance has come in for much criticism from the federal government, Mr. Parker noted. This and other present-day problems in rate regulation stem primarily from the particular form of the regulatory laws. But the industry must be careful. Too drastic a change in these laws may bring about even more confusion; too little a change may bring forth even more criticism from those in government who are keeping such a sharp eye on the insurance business. Nevertheless, changes must be made, and done so at the state level.

Mr. Smith said it was quite clear to him that public law 15 represents only a conditional grant of authority to the states, and that if that authority is not exercised properly, Congress could well reconsider its action.

In recent years, he stated, a combination of circumstances has brought the question of the adequacy of the regulation of rates by the states into the spotlight. Some of the factors responsible for the increased attention being given this subject are administrative decisions of state regulatory authorities, decisions of the courts, Congressional inquiries, and perhaps even the aggressiveness of some insurance companies.

With regards to the present all industry laws, Mr. Smith said, after much testimony it now appears there are two opposing schools of thought. One group would replace the present all industry laws with a new act which contains the right to the use of rates immediately upon filing. The other group would retain the all industry type laws but recommend amendments to the aggrieved party section and to the annual renewal of deviation section.

All segments, however, seem to agree that some changes in the all industry laws are required. The two areas in which there is agreement are aggrieved party, and the one-year limitation on deviations, he noted.

Director Gerber said the regulatory problems are generally similar in most states. He said it can be assumed that all segments of the business have anticipated and predicted the net effect of modification, moderate or otherwise, of the rating issues of today.

Mr. Gerber said that having lived with this problem intimately during the past three years, he has come to two general conclusions: Competition within the industry is tremendous, and the degree of this competition depends very much upon exactly how much competition the industry really wants.

Editorial Comment

To Be Or Not To Be

"I don't want to be just a salesman." This firm declaration is being heard from an increasing number of agents. It is prompted by company assumption of detail, and real or threatened removal of administrative functions from agencies.

In saying that they don't want to be "just salesmen," these agents would seem to be setting a rather low value on their chosen career and on their own capabilities. More important, they may be misinterpreting their basic responsibilities.

These agents seem to be equating themselves with the salesman of other products and services. In doing so, they are in a large sense devaluating their unique status which will always transcend that of those who sell in other lines of business.

The agents attempting to evade the "just a salesman" tag—and incidentally, they are invariably the leading producers—are keenly aware of what has happened to sales representatives in other endeavors. They know that manufacturers today are less dependent on retailers to stimulate a demand for their products. They know that mass advertising has often persuaded and presold the customer before he arrives at the point of purchase. In a broad sense, as Stewart H. Rewoldt, professor of marketing at University of Michigan, has pointed out, the retailer has become simply a depository of goods, performing the prosaic function of maintaining an inventory, arranging credit, delivering the article and sometimes installing or servicing it, depending on its nature.

The result is that the "salesman" of automobiles, of soap powder and of a hundred other products is today little more than the last human link in a chain belt action of market research, advertising, packaging and delivery to the consumer.

Agents are aware of this development. They also know that in insurance there has been a good deal of market research, particularly with respect to mass buyers. There have been accelerated efforts to establish brand names, particulary those synonymous with low price. Since the prices of all types of insurers are coming closer together, and since practically all insurers are or will be competing on more equal terms for the mass market (as they will eventually for all markets) brand name advertising has been increasingly adopted by even the most conservative of traditional companies.

But this activity among insurers, even accompanied by their takeover of detail work such as billing and policy issuance, still does not convert the agent into a local custodian of inventories and a service functionary following through on the marketing procedure of his principals, as is the case in many other lines of business.

Quite the reverse is true. To begin with, the agent has no stock of goods to maintain. His companies could not transform him into an arranger of shelves, watchdog over goods and a delivery boy even if they wished to do so, which they emphatically do not. All their efforts are directed toward freeing him from the paper prison of his office. This objective has been stalled, because coincident with these efforts, numerous new forms, rules and a plethora of detail in connection therewith have been dumped upon agents by companies. But this phenomenon—a natural one in the acceleration phase of a new competitive era when changed products are necessary —will not last forever.

The companies realize they must lift the detail load from the agent's back so that his selling ability may be exercised more frequently, steadily and skillfully than ever. As company brand names become better established and their prices are brought into approximation with those of any and all competition, the agent's selling job, unlike the salesman's in other lines—becomes more important rather than less. The reason is simple: His product is unique and so is he.

His product requires explanation, analysis of the customer's needs and constant follow up. This is true even though these obligations may have been neglected in times past because detail work superseded them. These obligations are paramount in connection with commercial risks, but they are also necessary in selling the so-called mass market. There has been a lot of senseless patter about the standardized insurance needs of the faceless mass insurance buyer. But what is standardized about his liabilities? Are all in this market going to cause accidents that expose them to the same claim? Hardly, since one man's activities may put him into situations where he can injure others, kill them or cause damage that would expose him and his family to a future bereft of finances and hope. True, there are standardized policies for the mass market, but these are standarized promises—usually sold on the lure of price alone. The agent should be thinking about the performance each mass market customer may need from a particular policy. There always will be a great deal of variation in those needs.

The agent is the only one who can meet them. It would seem that the realization that he is unique in this respect: The person who insures the future of families and businesses from his true inventory, which is integrity and knowledge of his specialty, would prompt the agent not to evade but to seek the appellation of "just a salesman." What he should realize is that he is selling the most important product on the market—the product that undergirds the entire economy. If he sells it as it should be sold, being "just a salesman" would be an achievement second to none in commercial importance. Built into the word "salesman" in insurance are (or should be) a host of implications involving concern for the customer, care in serving him and adherence to promises made. Anyone who lives up to such implications should be proud to bear the title which reflects them. Paper work, bills and issuing policies has nothing to do with meeting these standards. It would seem that the agent who wishes to endure will stop contending for the right to wrestle with paper, let the companies take it over or work out cooperative plans for handling it with other agents, and eagerly seek the proudest title he could achieve: Just a salesman.—J. N. C.

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Personals

George W. Skipper, named president of Alabama Assn. of Insurance Agents at its recent annual meet, conducts agencies in Jackson and Mobile. A fighter pilot in World War II, Mr. Skipper became active in civic work after military service. He won a national merit award of the U.S. Chamber of Commerce for community activity in 1959 and was twice honored by NAIA for fire prevention efforts. He was Alabama's Insuror of the Year in 1958 and was Man of the Year in his home town of Jackson in 1959. His daughter, Judy, is Alabama's 1961 Junior Miss.

George W. Skipper

A. B. Jackson, president St. Paul F.&M., has been elected a director of Northwestern Bell Telephone Co.

Franklin B. Tuttle, chairman Atlantic Mutual, has been named an honorary member of Iota Nu Sigma, insurance fraternity at New York University which admits one member from the business each year.

T. F. Hazen, local agent at Knoxville, was honored with a tribute and special citation from friends and business and civic associates at the annual meeting of Knox County Tuberculosis Assn. for his 40 years with that organization.

Deaths

W. H. BENNETT, 58, senior partner of the Bennett, Gibbons & McLone agency of Flint, Mich., died. He had been in the business for many years and was with the Flint Automobile Club's insurance division before opening his own agency.

ROBERT D. MOORE, 42, owner of the Moore agency of Bicknell, Ind., and in his second term as mayor, died after an illness of four months.

WILLIAM A. HOLMES, 53, assistant claims manager at Chicago of America Fore Loyalty group, died in Hawaii, where he was vacationing. He had been with the company since 1941.

FREDERICK E. HUGHES Sr., agent at Gulfport, Miss., died in Memorial Hospital there after a brief illness.

N. C. Club Cites Smith

Stock Fire & Casualty Field Club of North Carolina honored Kenneth R. Smith, state agent of Hanover, at a dinner in Greensboro. Mr. Smith established an annual award for the club's most valuable member. The award was won this year by W. Frank Ellis, state agent National Union, who had been chairman of the public relations committee and was instrumental in establishing its speakers' bureau.

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The annual golf outing of **1752 Club of Ohio** will be June 9 at Ashland Country Club.

North Reports Fire Loss Trend Is Bad, Expenses Are Better

(CONTINUED FROM PAGE 1)

pense exhibit, Mr. North hates to think what the figures would be like without the current reduction.

Mr. North was reelected president. Others renamed are Lester S. Harvey, president New Hampshire, vice-president; Charles P. Jervey, vice-president Travelers, secretary, and William E. Newcomb, chairman and president Great American, treasurer.

Arson On Rise

James L. Dorris, president Hanover, chairman of the committee on arson, theft and fraud, reported that the number of fires in which the apparent motive for the firesetting was to defraud insurers almost doubled. In the preceding year, the board investigated 398 probable fraud losses. In the current year, 740 were handled. In these cases, 153 persons were arrested and charged with arson or a related crime. Of this number, 91 were insured. The amount of coverage on the 740 risks was $19,703,686, and the amount in cases involving arrests was $2,377,510.

The number of arrests in all cases in which the board's special agents participated reached a 15 year high of 661, including fraudulent and pathological firesetters, juveniles, vandals, thrill seekers and others. To date, 251 convictions are recorded for 1960, but this figure lags six months to a year or more behind arrests, Mr. Dorris noted.

He cited the activity of professional arson rings in the east and midwest and said it may be necessary in the near future for the board to move "flying squads" of agents to investigate fires, check out suspects and conduct active surveillances.

This procedure would be a departure from past board practices, and it has accordingly been considered at length by his committee so that member companies will fully understand the maneuvers should they become necessary, Mr. Dorris said.

Other Reports

W. C. Harris, chairman and president Phoenix of London, chairman of the actuarial bureau committee, reported that a new three-way division of deductible codes has just been put into effect for homeowners experience. This might, as a theoretical maximum, triple the number of homeowners cards, adding two or three million to the quantity processed each year by the bureau. If this happens, the homeowners card volume will exceed that of fire and allied lines for which the premium volume is eight times as large. Something like the same multiplication will occur in company offices and will impose an additional expense of some magnitude.

The board added 16 companies as members last year. Only four were lost by mergers into other members, and none resigned. The total is now 211, Percy Chubb II, president Chubb & Son, reported as chairman of the membership committee.

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Auto Makers Bow To Surcharges, Jones Notes At NAUA Meet

(CONTINUED FROM PAGE 1)

tions in 25. The 1960 revisions result in an average decrease of 1.6%, and if 1961 revisions are included, this average approximates 2%.

Mortimer E. Sprague, vice-president Home, was elected president to succeed Mr. Jones. Nicholas Dekker, vice-chairman America Fore Loyalty, was named vice-president, James L. Dorris, president Hanover, treasurer, and Howard S. Omsberg, secretary-manager, were renamed. New directors are J. Harry Bibby, executive vice-president U. S. F.& G.; Carlos C. Boaz, executive vice-president New Amsterdam Casualty; James M. Bugbee, vice-president Maryland Casualty, and George L. Hampton Jr., vice-president, Phoenix of Hartford.

Regional directors named are Melvin Karpf, vice-president Service Fire, east; John J. Campion, vice-president Phoenix Assurance, Pacific coast; E. D. Schane, southern regional manager Royal-Globe, south; and John G. McFarland, vice-president National Union, west.

Mr. Jones reported that NAUA continued to act as agent for private passenger filings which differ from standard filings. Since May, 1959, NAUA has received approximately 105 requests for special agency type filings and has processed 76 with various insurance departments. These involved well over 1,000 individual filing submissions to departments.

Many experiments are hastily conceived and untested innovations, Mr. Jones declared. Some will prove sound, but others will be costly failures. However, the urge to develop individual rating approaches is strong, and NAUA recognizes the need to assist its companies in this regard. It is geared to handle any volume of this activity.

NAUA is pursuing efforts for greater uniformity with National Bureau in coding, territorial definitions and manual rules, Mr. Jones said. Progress has been made through committee meetings of the two groups.

The safe driver plan and the special auto policy have proved their value as effective competitive devices, Mr. Jones noted. Certain companies which had not been using the special policy are now tooling up for its use. It deserves intensive merchandising through advertising and other promotional efforts, in his opinion.

Underwriting results for companies comprising 90% of NAUA member and stock agency subscriber companies showed a 5½% underwriting gain on collision and a 4½% gain on other coverages for an aggregate profit of 5% in 1960, Mr. Jones reported.

Stocks

By H. W. Cornelius of Bacon, Whipple & Co.
135 S. LaSalle St., Chicago, May 23, 1961

	Bid $	Asked $
Aetna Casualty	129	Bid
Aetna Casualty	129	Bid
Aetna Fire	115	116½
American Equitable	22	23
American, Newark	31¼	32¼
American Motorists	18¼	20
Boston	35½	37
Continental Casualty	114½	116
Crum & Forster	91	96
Federal	70½	72
Fireman's Fund	66½	67½
General Re.	134	138
Glens Falls	43	44½
Great American	57	58
Hartford Fire	64	65
Hanover	46	47½
Home of N.Y.	58	59
Ins. Co. of No. America	87½	88½
Jersey Ins.	34½	36
Maryland Casualty	43½	45
Mass. Bonding	44	45
National Fire	138	144
National Union	45	46
New Amsterdam Cas.	80	83
New Hampshire	57	59
North River	43½	45
Ohio Casualty	29½	31½
Phoenix, Conn.	96	98
Prov. Wash.	23	24
Reins. Corp. of N.Y.	25	26½
St. Paul F. & M.	71½	73
Springfield F.&M.	38	39
Standard Accident	63	65
Travelers	123½	125
U.S.F. & G.	57½	59
U. S. Fire	33	34

O'Hanlon Promotes Three

O'Hanlon Reports has promoted Maynard C. Lakin from manager at San Francisco to resident vice-president there in charge of Pacific Coast activities. Norman I. Arnold, who has been manager at Los Angeles, succeeds Mr. Lakin as San Francisco manager.

James V. Decheser, supervisor at East Orange, N. J., has been promoted to resident vice-president in charge of northern New Jersey, with headquarters at East Orange and Trenton.

Comments On The Insurance Field From The Investment Dealer's Chair

By LEVERING CARTWRIGHT
Cartwright, Valleau & Co., Board of Trade Building, Chicago

The insurance list closed Friday with strength. Life stocks were the most sought after but a few of the fire-casualties joined the parade, notably Aetna Fire, up 2 for the week; American, plus 1½; Boston 2, Continental Casualty 5, Employers Group 2, Home 3, U.S.F.&G. 3, Springfield 2.

Star performers in the life list included American General, at 50, up 5; BMA, 5, Connecticut General, 17 points better; Liberty National, 6; Kansas City Life, at $1740 bid, up 40; Lincoln National, 3; Mass. Protective, 4; Travelers, 3; United Services Life, plus 15; U. S. Life broke into the 70 range with a 4 point advance; Washington National at 65, up 4½; Wis. National, 40, plus 4.

Jefferson Standard Life, which in the previous week had reached 66, dropped back 4.

The rights to buy Criterion Ins. Co. (the newest addition to the Government Employees situation) dropped from a high of $4 to $2.50. That is equivalent to a decline in the stock of Criterion, when issued, from $46, to $31.

Telephone Employees Ins. Co. of Maryland rights sold as high as $6½. It takes 300 rights to buy stock at 27½. This has been a tightly held situation until now. A former Government Employees man is a key figure here and some of the G.E.I.C. glamor is rubbing off on T.E.I.C.

The life insurance stocks seem to be in process of working up to a new price-earnings multiple. Going by market highs and lows may be deceiving, for numerous issues at their 1960 low points were selling at what turned out to be no more than 8 or 9 times adjusted earnings for the year. So even a 50% advance in market means that such stocks are still selling at only 12 or 13 times 1960 income (and with all prospects for even better earnings this year). It is still largely institutional buying that predominates in the field of life stocks, with little trace of public speculative excess. The institutional buyers are willing now to bank on restoration of the growth label to life insurance stock. If such an expectation is justified price earning multiples of 20 or so for the ordinary issues and upwards of 30 for the names most highly accented with growth would not be out of line with the price that is paid for industrial issues that possess the growth reputation.

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Insurance Securities Trust Fund of San Francisco, in an analysis of the annual results of the fire-casualty stocks in its massive portfolio, finds that in 1960 the combined loss and expense ratio was 99.3, as against 98.7 the previous year and 100.9 in 1958. Written premiums were up 5.8%, earned up 6.9; loss reserves were 9.1% higher, premium reserves plus 4.4, assets 4.7 higher, policyholders surplus plus 1.7 (as against 7.4 the year before and 26.5 in 1958). Investment income was up 10%, dividends declared were 13.1% higher and the dividend payout was 45.9% of investment income.

The Kemper Insurance Companies increased their investment last year in the stocks of other insurance companies. Lumbermen's Mutual Casualty had 300 shares of Aetna Fire, 1,334 Aetna Life, 660,377 American Motorists, 1,000 American Re-Insurance, 3,500 BMA, 1,250 Commonwealth Life, 500 Conn. General, 700 Employers Reinsurance, 1,100 Federal, 16,000 Federal Mutual, 3,408 Federal Mutual Life, 1,800 Fidelity & Deposit, 625 Fireman's Fund, 1,500 Franklin Life, 400 General Reinsurance, 300 Government Employees Life, 2,700 Hartford Fire, 4,000 Ins Co. of North Am., 100 Kansas City Life, 600 Lincoln National, 500 National Life & Accident, 700 St. Paul, 1,833 Washington National.

American Motorists had 400 Aetna Life, 300 Am. Re-Insurance, 400 BMA, 438 Commonwealth Life, 150 Conn. General, 200 Employers Reinsurance, 385 Federal, 450 Fidelity & Deposit, 500 Franklin Life, 100 General Reinsurance, 100 Government Employees Life, 850 Hartford Fire, 150 Lincoln National Life, 500 Merchants Property Ins. Co. of Indiana, 150 National Life & Accident, 250 St. Paul.

Am. Manufacturers Mutual had 75 Aetna Fire, 334 Aetna Life, 66,501 Am. Motorists, 313 Commonwealth Life, 125 Conn. General, 275 Federal, 450 Fidelity & Deposit, 125 Fireman's Fund, 210 Franklin Life, 500 Hartford Fire, 100 North America, 10 Kansas City Life, 125 Lincoln National, 125 National Life & Accident, 400 Pacific, 335 Washington National.

OK Royal-Globe Bid For Canadian Insurers

Royal-Globe's bid to acquire stock of Western Assurance and British America, and acceptance by Crum & Forster, the primary stockholder, will result in payment of $18 million to C.&F.

Crum & Forster owns 47.9% of Western Assurance for which $153 a share is bid by Royal-Globe, and 36% of British America on which the bid is $194.39.

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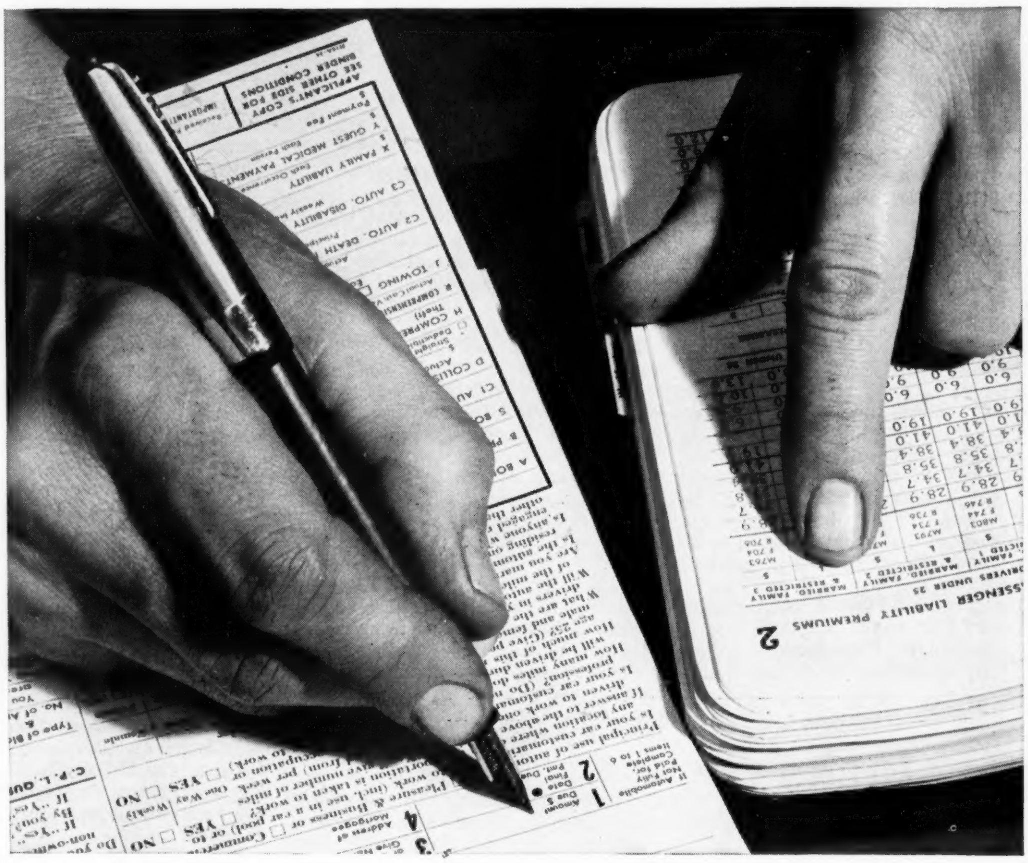
Minn. A&H Assn. Elects

Minnesota Assn. of Health Underwriters has elected Herbert K. Sloane of St. Paul president and Walter E. Bertram, Mutual Benefit H.&A., Minneapolis, secretary-treasurer. Corbett A. Nielsen, Time, Minneapolis, is president-elect.

GOOD HANDS

These are busy hands. They're busy writing up apps, or thumbing through the latest information on new policy contracts.



Why so busy? They belong to an Allstate Agent. A full-time Agent who finds more and more customers coming to his office each day, or stopping at the Allstate booth in Sears. Customers who have heard that he can help them with their insurance...and at a saving, too.

As a trained and licensed insurance counsellor, he has a lot to offer them: Auto...Fire...Personal Theft...Family Liability...Life...Accident & Sickness...Boatowners ...Commercial Auto, Fire, and Casualty...and, in 46 states, Homeowners insurance.

And he gets support for his selling. Training programs, refresher courses, point-of-sale materials, local advertising, national advertising and a "direct wire" to the ear of a management supervisor.

He's active in his community—church, school, safety, civic and social groups. And he *knows* he does well in service to his clients when so many of them come up, shake his hand and say, "Thanks!"

Good hands? You bet they're good hands—good hands all.

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